

**POVERTY ALLEVIATION AND REGIONAL
DEVELOPMENT IN SRI LANKA**

**A STUDY OF POTENTIAL AND CONSTRAINTS WITH SPECIAL
REFERENCE TO THE SOUTHERN AREA OF SRI LANKA**

By

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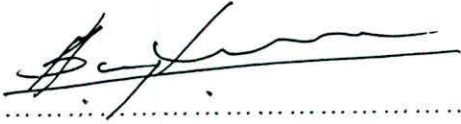
By

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**Thesis submitted to the University of Sri Jayewardenepura for the
award of the Degree of Doctor of Philosophy in Geography**

DECLARATION BY CANDIDATE

The work described in this thesis was carried out by me under the supervision of Senior Professor of Geography (University of Sri Jayewardenepura, Sri Lanka). A report on this thesis has not been submitted in whole or in part to any University for a Degree or Diploma.



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CONTENTS

	Page
<i>List of figures</i>	<i>iii</i>
<i>List of Tables</i>	<i>iii</i>
<i>List of boxes</i>	<i>iv</i>
1. INTRODUCTION	01-38
1.1 Background	01
1.2 Conceptualisation – The macro view	03
1.3 Concepts and definitions	17
1.4 Objectives of the study	30
1.5 Methodology	31
1.6 Limitations	37
2. REGIONAL DEVELOPMENT EXPERIENCE	39-70
2.1 From sectoral growth to regional development	39
2.2 Poverty in Sri Lanka	40
2.3 Regional development experience	45
2.4 Integrated strategies	61
2.5 On-going development efforts in the Southern Area	65
2.6 Placing the study in the contextual framework	69
3. STUDY AREA FROM A REGIONAL PERSPECTIVE	71-90
3.1 Regions and Regionalism in Sri Lanka	71
3.2 Study area and its location	76
3.2.1 Geographical setting	80
3.2.2 Socio-economic setting	87
3.3 Regional identity – study area as a region	89
4. REGIONAL DEVELOPMENT ISSUES AND CONCERNS IN THE SOUTHERN AREA	91-196
4.1 Regional Development Issues	91-167
4.1.1 Poverty	92
4.1.2 Unemployment	111
4.1.3 Land and land utilisation	116
4.1.4 Water and water management	122
4.1.5 Natural area conservation	129
4.1.6 Industrial development	138
4.1.7 Infrastructure development	150
4.1.8 Urban development	162

4.2	Regional Development Concerns with special reference to potential and constraints	168-196
4.2.1	Institutionalisation of poverty alleviation	168
4.2.2	Role of urban centres in regional development	171
4.2.3	Institutional capacity for regional development	178
4.2.4	Regional resilience in the national and global context	181
4.2.5	Unintended negative impacts of development	183
4.2.6	Political Context of regional development	186
4.2.7	Intra-regional imbalances in development	194
5.	IMPERATIVES OF THE STRATEGIC FRAMEWORK FOR REGIONAL DEVELOPMENT OF THE SOUTHERN AREA	197-221
5.1	Basic Assumptions	197
5.2	Imperatives of the proposed strategic framework	199
5.2.1	Human resources development	200
5.2.2	Natural resources development	204
5.2.3	Development of production and employment	206
5.2.4	Urban hierarchy-based regional planning and development	208
5.2.5	Organisational development	212
5.3	Functional relationships of the strategic framework	215
6.	CONCLUSIONS	222-227
6.1	Practical use of the study for PA and RD in the Southern Area	224
6.2	Future directions for PA and RD in Sri Lanka	226
	REFERENCES	228-237
	Appendix	
1.	Questionnaires used for Field works	
2.	Abbreviations	

List of Figures

Figure		Page
1.1.	Research methodology of the study	36
3.1	Location of the Southern Area	81
3.2	Agro-ecological zones of the Southern Area	82
3.3	River Basins in the Southern Area	85
4.1	Spatial distribution of poverty by DS divisions	103
4.2	Present land use of the Southern Area	121
4.3	Urban Hierarchy of the Southern Area	174
4.4	Intra-Regional Imbalances in development	195
5.1	Imperatives of the strategic framework for PA and RD in the SA	201
5.2	Proposed Hierarchy of Urban Centres	211
5.3	Proposed major infrastructure network of the SA	217
5.4	A Strategic Approach to the proposed PA and RD in the SA	218

List of Tables

Table		Page
2.1	Consumption Poverty in Sri Lanka – 1996/97	43
2.2	Components of Human Poverty – Sri Lanka 1994	43
2.3	Incidence of Poverty (Provincial Level)	44
3.1	Distribution of major crops in the SA (1993-94)	86
3.2	Population Distribution by District in the SA, 1994	87
3.3	Land Use in the SA in 1994)	88
4.1	Percentage of poor households by district, in the SA	93
4.2	Average energy consumption per adult equivalent per day for poor and all households by districts in the SA	94
4.3	Average energy consumption, per person per day for poor and all households by districts (in kilocalories)	94
4.4	Per capita income and per capita expenditure (average monthly) by district and poverty status of the household in the SA – 2002	96
4.5	Food ratio, head count index and poverty gap index by area	97

4.6	Electricity, telephone and LP gas using households by districts in 2002	98
4.7	Ranking of districts by incidence of poverty – 2002	99
4.8	Divisional-level distribution of poverty: Headcount Index (HI) and household population below the poverty line (HPBPL) in 2002	101
4.9	Distribution of human poverty by district – 1994 (percentages)	107
4.10	Divisional-level distribution of unemployment in the SA – 2002	112
4.11	Land Use Problems in SA – Symptoms & Causes	120
4.12	Water Supply Coverage by Scheme as Percentage of Population	124
4.13	Size distribution of the manufacturing enterprises in the SA	143
4.14	Number of Firms and Employment in selected Manufactured Products in the SA in 1995	144
4.15	Road Length and Density in the SA	154
4.16	Average Annual Growth Rates of Urban Population in SA	165
4.17	Growth pattern of urban population in the SA by district	166
4.18	Urban Centres classified on Centrality Index, Population and Employment - SA	173

List of boxes

Box		Page
4.1	A Farmer from a Poverty Pocket – Kekulanmulla, Buddama	105
4.2	A farmer cum Vegetable Seller - Buddama, Siyambalanduwa	106
4.3	30 Years experience in Rural Development- RDO-SA	109
4.4	Observations of a regional Development Practitioner: Ex-project Director REAP & HIRDEP	188
4.5	Experience in agro-marketing through a People's Company: (A member's view)	191
4.6	Poverty and Development: the view of a Development Journalist	193

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Sri Lanka has been suffering from three most serious problems over the past few decades: high levels of poverty, unemployment among the youth and inequality in the distribution of benefits of growth among social classes as well as regions in the country.

The persistent ethnic conflict of the past two decades, and the recent Tsunami devastation have further aggravated this situation. The development strategies applied to date have proven that there is no fast and simple solution to overcome these problems.

However, the practical solution to these problems is the making of coordinated efforts to sustain a high economic growth rate to generate a higher level of employment and income as well as poverty reduction, equitable distribution of benefits of growth among social groups and regions, and rational management of natural resources of the country.

In view of this need, the present study addresses issues and concerns of poverty reduction and regional development to identify imperatives of a strategic framework for regional development in southern Sri Lanka. The problem identified as the focal point of research in this study can be described as follows:

Despite various attempts at development of the Southern Area, poverty and regional development have continued to be persistent problems. It is posited that this situation has arisen by a failure of planners and policy makers to identify the essential links between poverty and regional development. It is only by linking the two processes that Southern Area development could be made effective and meaningful, and an upward mobility of the area could be realized.

The other side of the problem is the lack of consistency in planning and implementation of Poverty Alleviation and Regional Development related projects and programmes. They have not only planned and implemented by various agencies that are operating at national and sub-national levels, but also administered and managed in isolation without maintaining a constant dialogue and inter-agency coordination.

Rather than linking the two processes (PA and RD) together, what has happened up to now is divergence without interlinked or in-meshed. Regional planners should be able to come up with a “regional framework” for the Southern Area to fill this vital gap. My study is an attempt to identify imperatives of a strategic framework for Southern Area Development, with a focus on interlinking the two processes in a consistent and coordinated regional development process.

The development focus of the country has been subjected to the threefold transition of globalization, market liberalization and devolution of power during the past two decades, which has influenced in changing the mechanism, adhered to in the regional development. There is an evolving need for an integrated approach to realize intended benefits to the regions. However, what we have experienced in recent years, are a number of programmes of a competing, conflicting and uncoordinated nature that have been initiated in several regions in Sri Lanka, including the Southern Area (SA). On the one hand, these programmes and projects are being implemented as parallel interventions while administered by both the Central Government and the Provincial Councils without clear division of authority. And on the other hand, there is a considerable degree of negative political interference, which has hindered the achievement of stated goals. The main factor that has contributed to this unacceptable situation is the lack of firm and stable guiding policies for these development

programmes, which tends to change the focus and delay their implementation, particularly with the change of governments.

In the above context, this study attempts to identify the prevailing constraints and potentials for regional development in the SA and to present imperatives of strategic framework for regional development in Sri Lanka. The overall purpose of this thesis is to make a theoretical contribution to regional development planning in Sri Lanka.

The first chapter of the thesis is an introductory account of current development thinking relating to poverty and regional development in general, and a presentation of concepts and definitions on most relevant aspects of the study in particular. In the second chapter, the regional development experience during the post-independent period in Sri Lanka and in the SA and its implications to poverty alleviation are presented. The third chapter looks at the study area as a special entity from a regional development perspective. Chapter four presents the main findings of the study as an analysis of the issues and concerns with special reference to potentials and constraints of regional development in the Southern Area. Chapter five provides the proposed imperatives for Strategic Framework for Regional Development of SA, which is the final output of the research study, followed by the final chapter on overall conclusions.

1.2 CONCEPTUALIZATION – THE MACRO VIEW

1.2.1 Global Context

It is generally acknowledged that development with its related elements coming under the purview of economics has begun to face new challenges due to globalization, because of its impact on the lives of ordinary people throughout the world. In Africa, for example, development theory has been imposed from outside and is used to lay down

strategies and policies for economic development; and it is observed that development theory is not a science but a policy instrument crafted at a particular time by the dominant forces in the North in order to meet the situations and crises in their own countries (Nabudere, 2002). It is observed that when the decolonization process started during the forties and fifties, the international donor community had agreed with new independent governments to impose these international policy instruments to craft individual country development policies and strategies in the developing world with or without due adjustments.

The changes that have taken place in the development landscape have presented policy makers with new challenges at the global and local levels. As the World Development Report (WDR) of 1999/2000 points out, the development experience of 50 years has yielded four critical lessons. They are: a) macroeconomic stability is an essential prerequisite for achieving the growth needed for development, b) growth does not trickle down; development must address human needs directly, c) no one policy will trigger development; a comprehensive approach is needed, and d) institutions matter; sustained development should be rooted in processes that are socially inclusive and responsive to challenging circumstances (WDR, 1999/2000).

It is also viewed that the changes that have been set in motion as contributing to, and as a manifestation of, two phenomena: globalization and localization. *Globalization* which reflects the progressive integration of the world's economies requires national governments to reach out to international partners as the best way to manage changes affecting trade, financial flows and the global environment. *Localization*, which reflects the growing desire of people for a greater say in their government, manifests itself in the

assertion of regional identities. It pushes national governments to reach down to regions and cities as the best ways to manage changes affecting domestic politics and patterns of growth. At both supranational and sub-national levels, institutions of governance, negotiations, coordination and regulation will play a critical role in promoting a new equilibrium between and within countries.

Even though the WDR recognizes the term “localization” with the above definition, it is not widely accepted as valid to describe the ground reality. Instead, recent researchers in the development arena rely more on the term “glocalization”, which describes the local regional economies and the impact on growth with equity objectives at the national level. In this connection the role of local authorities has not been properly articulated in programmes assigned for regional development (i.e. REAP). Thus it is argued that space is created in such programme formulation for local authorities to play a more direct and active role in the decision-making and facilitating process in order to make ‘people’ and ‘place’ focussed regional development a reality (Karunanayake and Abhayaratna, 2002). Within these perspectives of development there is a need to rethink and redefine the regional development strategies in Sri Lanka.

The macro-economic changes that have taken place, particularly during the last decade, call for further reviewing globalization and its impact on national and regional development in countries like Sri Lanka. Indraratne (1999) defines globalization as the process towards the integration of national economies into one global economy through the free movement between national frontiers of goods and services, factors of production such as capital, labour and technology, facilitated and accelerated by advances made in the field of information and communication.

Globalization is thus seen as a phenomenon which has both positive and negative impacts on the developing countries. The growing importance of services and information in the world economy means that an increasing proportion of economic value is weightless, that is, it can be transmitted over a fibre-optic cable rather than transported in a container ship.

On the other hand, rising educational levels, technological innovations that allow ideas to circulate, and economic failures of most centrally planned economies have all contributed to the push for globalization. National governments are increasingly sharing responsibilities and revenues with sub-national levels of government that are closer to the people affected by policy decisions. Globalization is praised for the new opportunities it brings, such as access to markets and technology transfer-opportunities that hold out the promise of increased productivity and higher living standards. But it is also seen negatively because it sometimes brings instability and unwelcome changes. It exposes workers to competitions from imports, which can threaten their jobs. While national governments remain central to the development effort, globalization requires that they engage in essential institutional-building at both supra- and sub-national levels in order to capture the benefits of growth.

1.2.2 Developing World Context

In the “Developing World” as a whole, the development paradigm has been centred mainly on economic growth, increased GDP and lately on growth with equity, which are reflected in all national-level plans and programmes of a top-down nature, particularly during the early period of their developmental history (i.e., prior to the seventies). Based on the recommendations by the international donor community