

EXECUTIVE SUMMARY

Objectives of the Poverty Consultations

The poverty consultations were carried out by the Poverty Impact Monitoring Unit (PIMU) on behalf of the Asian Development Bank (ADB) to complement its poverty analysis for Sri Lanka. These consultations in four selected districts were expected to ensure that the views and perspectives of the poor are incorporated at the High Level Forum between the Government and ADB. The results would also help supplement the existing database on poverty in Sri Lanka by providing qualitative data.

It was envisaged that the process would provide an enhanced appreciation of poverty issues and the development needs/priorities as perceived by the poorest people in Sri Lanka, identify key poverty challenges for ADB's poverty partnership agreement with the Government, identify issues to be monitored for future comparison of changes in Sri Lankan poverty levels, and provide input to ADB's economic and sector work, country programming, and country assistance plan/country strategy program formulation.

The Concerns and Priorities of the Poor

Poor people in the four selected districts, Badulla, Hambantota, Moneragala, and Trincomalee explained their poverty in terms of the following:

- Lack of access to infrastructure (roads, electricity, water supply, transport);
- Prevalence of armed conflict and violence;
- Lack of income/employment opportunities;
- Lack of capital/tools/assets to carry out livelihoods;
- Scarcity of natural resources (water, land, fish);
- Crop loss due to wild animals (elephants, wild boar);
- Lack of housing and sanitation;
- Lack of quality education and skills-training;
- Vulnerability due to sickness, disability, old age, and death (of income earner);

- Vulnerability to market fluctuations
- Scarcity of food
- Neglect by the state
- Political/ethnic bias in the delivery of poverty assistance; and
- Lack of unity/togetherness within the community.

Methodology

The poverty consultations were carried out in the form of participatory poverty assessments with members of poor communities, by a team comprising two anthropologists, an economist, a research assistant, and two translators. As there is no consensus on which of Sri Lanka's districts are the "poorest", these assessments were done in four "poorer" districts in Sri Lanka to obtain a qualitative overview of poverty in the country. Thus, four districts—Moneragala, Hambantota, Badulla, and Trincomalee—were selected to cover the diverse sociocultural/ethnic and political dimensions, as well as the economic sectors, of the country.

The identification of the poorer sectors of society needed to be done relatively fast due to the short time period. Silva's (1998) framework of marginalized groups and communities was used for this purpose. This structural approach to identifying *pockets of poverty* in Sri Lanka reveals several types of communities marginalized from mainstream society on the basis of economic, political, sociocultural, and spatial dimensions. These communities include urban low-income communities of slum dwellers, village expansion colonies, social outcasts (from minority "depressed" castes), squatter settlements, marginal irrigation settlements, fishing communities, plantation communities, steep hill farming communities, and displaced/refugee settlements.

Data from the Census Department, provincial planning units, district secretariats, and divisional secretariats were used to select districts, divisions, and eventually villages and urban units. The "poorer" divisions were identified by using indicators such as housing conditions, access to electricity, landownership, and unemployment. In Trincomalee district, due to the paucity of official data, the information was cross-checked against the Nutrition Baseline Survey of the German Integrated Food Security Project of the most vulnerable divisions of the Trincomalee district.

The participatory poverty assessments included both household interviews as well as focus group discussions, based on rapid rural appraisal methods. A loosely-structured, open-ended questionnaire which

could respond to the specific conditions and priorities of the poor in that region and ensured the participatory nature of the exercise was used. Altogether 160 households were interviewed and 10 focus group meetings involving 20–50 people were held. At the outset it should be made clear that the data obtained through qualitative participatory assessments are *not representative* of all poor households in these districts, or the island as a whole, but much rather are *indicative* of the problems, concerns, and priorities of poor households.

Poverty Profiles of the Four Districts

The poverty situation in Sri Lanka varies according to the criteria and indicators used. The national statistics on human and consumption poverty levels are incomplete in the absence of statistics from the districts of the North and East, where poverty levels are estimated to have reached critical proportions in comparison to the rest of the country, due to the armed conflict that has prevailed since 1983. Thus, the inclusion of the North and East would substantially increase the national poverty level in the country and erode the gains in poverty reduction claimed since 1985/86.

There are striking regional disparities in poverty, even in the districts, which are not within the conflict zone. Of the four selected districts, a quantitative analysis of Trincomalee is not possible due to the lack of data since 1986/87. However, according to consumption poverty lines and the human poverty index, all three of the other districts are low-performing districts, with Hambantota closest to the national average, yet far from high-performing districts such as Colombo and Gampaha.

Although district-level longitudinal statistics are not available, it can be extrapolated from provincial level statistics that consumption poverty levels declined in all three districts between 1985/86 and 1990/91 and increased between 1990/91 and 1995/96. However, relative incomes have increased for the lowest 40 percent households in Moneragala and Hambantota districts over the 1985/86–1995/96 period while decreasing for Badulla district. The proportion of income received by the lowest 40 percent households in the four districts remains very low, pointing both to the unequal distribution of wealth in the country and the persistence of poverty.

The overwhelming cause of poverty in the Trincomalee district was perceived to be the armed conflict. Poor people have been most affected by the disruption and/or destruction of their livelihoods and the lack of

security and mobility. The pass system and restriction of movement along the border, as well as in and out of the major towns, severely inhibit access to markets. The depth of poverty and vulnerability in the uncleared areas is due to the military ban on the transport of basic construction items and restrictions on essential food items, as well as the Liberation Tamil Tigers Eelam (LTTE) taxation system. All of the people interviewed in five divisions had been displaced at some point in the last 10 years. In Trincomalee district, given the long-term nature of the conflict and displacement, poverty alleviation has been based on a relief approach. Income generation is a risky business when the military and paramilitary groups control the movement of persons and goods via a shadow economy. As poverty is closely linked to conflict and violence, there is a need to incorporate approaches to deal with psychological trauma and peace building.

In Moneragala district, lack of infrastructure, lack of water, lack of employment and income, and lack of access to markets were seen as the primary causes of poverty. Access to cultivable land and titles, housing, medical care, and education were also major concerns. One of the border villages had undergone a traumatic attack by the LTTE. Although all five villages had small groups under the Samurdhi program, many of them were not functioning. Only one village had been reached by a nongovernment organization (NGO), and the only village with a funeral assistance society was the one that had been attacked by the LTTE. More than in any of the other districts, the poor in Moneragala felt that they were neglected by the state and that most forms of assistance, whether by the state or NGOs, bypassed them.

In Badulla district, poverty was associated with lack of infrastructure, water, employment, and income. Housing, crop damage by wild animals, education, and health were other concerns. In this district, which had been exposed to considerable social mobilization efforts through the Integrated Rural Development Program, there was a higher degree of participation in community organizations. In both estates there were a number of households that had suffered violence and losses during the 1983 ethnic riots elsewhere and had moved there in search of security. Two of the villages were affected by the violence associated with the People's Liberation Front (JVP) uprising in 1988/89. In this district, many of the poor felt they had been excluded from state poverty alleviation programs and development efforts due to their political or ethnic affiliation. The social mobilization activities in the district have yet to seriously erode the welfare mentality and dependency syndrome in many of the poor.

In Hambantota district, lack of income, employment, and water were the main concerns among the poor. Inadequate housing and health services were also mentioned. Many government and NGO poverty alleviation programs have been implemented in Hambantota district, mostly due to political reasons, i.e., the potential unrest of its youth. There is considerable improvement in the life of coastal fishing households. However, many benefits have been distributed according to party affiliation. In the interior villages largely dependent on rainfed crops, the poverty situation is as bad as in Moneragala district. All four rural communities visited had experienced violence associated with the JVP uprising of 1988/89. Although many communities in the district have been socially mobilized, they are under the control of either the local elite or radical youth. The poor in Hambantota district have very little faith either in government or NGO efforts to assist them, although they do not express the same degree of exclusion voiced by the poor in Moneragala or Badulla districts.

Perceptions of the Poor: The Participatory Poverty Assessments

Defining poverty

In defining themselves, the “poor” do not always want to be considered as “poor”—*duppath* in Sinhalese meaning “suffering” and *warumai* in Tamil meaning “fated”. While considerable shame is attached to the term “poor”, many poor people have got accustomed to calling themselves poor in anticipation that some benefits will accrue to those categorized as “the poor”. The seasonality of the experience of poverty and the vulnerability faced by the poor due to fluctuating means of livelihood was also pointed out.

Poverty was defined often in terms of a *lack* of something—lack of employment, sufficient income, infrastructure, housing, land, water, and food. Economic, social, political, and environmental assets were often integrated by the poor, revealing the multiple dimensions of their understanding of poverty. This conforms to Amartya Sen’s (1999) perspective that poverty is a general *state of deprivation*, having more to do with entitlement and capacity, rather than merely income or nutrition levels, the conventional indicators used in estimating absolute poverty levels.

In Trincomalee district, most aspects of poverty were intrinsically linked to the armed conflict and its consequences. In addition to the material dimensions, the lack of freedom was also pointed out as a condition of poverty.

Differentiating the “poor” and the “rich”

In focus group meetings that were mixed or comprised predominantly of women, and responses were anonymous, respondents characterized 25–100 percent of the households in their communities as “poor” or “very poor”/“poorest”. Up to 25 percent of people in their communities were characterized as “rich” and up to 75 percent as “average”. Men were more likely to define a larger proportion of households as “poor” and a smaller segment as “average” while women and the “poorest” people (both men and women) were more likely to differentiate between “average”, “poor” and “very poor”, with up to 25 percent of houses described as “very poor.”

In individual household interviews, respondents differentiated between poor, average and rich, while avoiding the term “poorest” except in the case of Trincomalee district. The majority categorized themselves as “poor” or living in a “difficult” situation, while a minority considered themselves “average” or “very poor.” Around 74–83 percent of households interviewed described themselves as “poor” or “very poor”. There was a correlation between this self-description and households receiving Samurdhi payments in Moneragala and Hambantota districts, but this was not the case in Badulla and Trincomalee districts. Households that described themselves as “average” also received Samurdhi payments. In Badulla district the percentage of houses receiving Samurdhi was somewhat higher among those categorizing themselves “average” than among the “poor” or “poorest”. Therefore, it is clear why there was a perception that the deserving did not receive assistance from the state, attributed to political/ethnic bias.

A considerable number explained that they were the same as everybody else in their communities by referring to similar means of earning a living as wage laborers or similar living conditions. Differences among people expressed ranged from categorical distinctions to proportional distinctions, based on the assets of each group. In all four districts, the condition and size of the house and the possession/lack of a secure, preferably “state” job, were the most-often mentioned criteria to differentiate households. Ownership of economic assets/means of production, which differed across communities, the ability to eat three meals per day, employment in the Middle East or a skilled occupation, and the number of workers in the family were additional criteria. Local concepts of poverty and differentiation of people within communities are complex and have to be taken into account in both poverty alleviation programs and policy making.

Dimensions of poverty

Poverty has spatial-infrastructure, political-economic, environmental, sociocultural, and gender dimensions. Both lack of infrastructure such as roads, electricity and irrigation/water supply schemes, as well as lack of access due to pricing policies, were considered problems. Lack of infrastructure was linked to lack of income and employment, access to education, health services, and communication. This lack was not merely an inconvenience but in cases of emergency, could mean the difference between life and death.

The political system, patron-client relations, the armed conflict, land and sea tenure issues, market prices for agricultural produce, and debt were seen to have enormous economic consequences that maintain and exacerbate poverty. The poor perceived themselves as tied to these relationships of dependency resulting in a sense of powerlessness they could express but did not know how to overcome.

Lack or scarcity of water, crop damage by wild animals, and seasonality/scarcity of fish were important environmental dimensions of poverty. These are tied to population growth and the scarcity of natural resources, as well as the distribution of these resources among the various social groups. The poor understand that some resources are getting scarce because of population pressure but point out that they have to bear a disproportionate share of the burden.

The inability to eat three meals a day was an important cultural definition of poverty. Almost all the poor households interviewed suffered seasonal scarcity of food, while the "poorest" went without at least one meal every day. Most households rarely partook of a balanced meal. The food situation was particularly bad for the urban "poorest" as they did not have access to gardens, fields, and forests to forage. Food scarcity was worst in the "uncleared" areas of Trincomalee district.

Poor housing conditions were the most often used yardstick to define the poverty of both households and of the community as a whole. Distance to school, shortage of teachers, the poor quality of the teaching, corporal punishment, bad conditions of the school buildings, and poor facilities are some of the issues voiced by poor people in all four districts. Poor people were critical of the services that they received from the state health centers and the lack of sensitivity to their problems and needs. With rare exceptions, they had very few positive things to say about doctors from the state health system.

Caste was a hidden social dimension of poverty in Sri Lanka, as not even the poor from depressed castes wanted to talk about it. However, the

team visited villages that were occupied by the *batgama* (palanquin-bearer) and *berava* (drummer) castes. They lived in abject poverty in isolated villages, their housing conditions poorer on average than their higher caste neighbors and their children had less years of education.

The social marginalization of the poor was also confirmed by examining their social networks and communication links, which revealed that most of the poor were limited to their villages, estates and neighborhoods at worst, and to their own district at best. The majority lacked external linkages and mobility outside their communities.

In terms of gender, there was a discrepancy between male and female wages in agriculture and mining in all four districts, the average female wage being 66 percent of the male wage. The lower wage rates made households where women were sole breadwinners (rather than female-headed households per se), dependent on agricultural labor, particularly vulnerable. One of the consequences of the armed conflict is the creation of widows all over the country. At the same time, women might have gained greater authority in their communities and families as they are increasingly forced to take on the role of household head and principal income earner.

In access to education, there was no gender discrimination in general within poor households about who goes to school. On the contrary, more girls than boys are enrolled in school and girls often drop out later than boys. However, in conflict areas the mobility of young women and girls are restricted for fear of bodily harm by soldiers or armed groups, and girls are being kept away from school. Domestic violence was evident in all the villages, although there was a reluctance to talk about it to strangers. However, the testimonies of a few women and a teenage girl were sufficient to indicate the depth of its existence. With the striking changes in gender ratio in all four districts, the gender dimensions of poverty are going to be increasingly significant.

Dynamics of poverty

In identifying causes of poverty, respondents could not often distinguish between the conditions and causes of poverty. Thus, being poor was often explained in terms of a lack. The cause of poverty was also identified as this lack or scarcity.

Some, who considered themselves "average", attributed the poverty of their neighbors to laziness. Others pointed to the lack of unity or togetherness. This lack was attributed both to class differentiation within the village and rivalries among the poor themselves. Many of the poor,

however, provided multiple reasons for their poverty, revealing quite clearly the links among infrastructural, economic, political, and sociocultural dimensions. In Trincomalee district and the border villages of Moneragala poverty was linked directly to the armed conflict. Violence was considered the primary cause of poverty.

Several processes leading to poverty were identified. Some considered poverty to be a permanent feature of their life, like those who had inherited no assets from their ancestors. For others, the spiral of poverty is precipitated by circumstances that are specific to each individual household's life cycle, such as illness, disability, old age and death of an income earner. Worse affected were those who lost husbands or sons to the various civil conflicts, as they suffered psychological trauma, in addition to the considerable time and resources spent on determining the status/situation of their deaths.

The ethnic riots of 1983 and the ongoing armed conflict have reduced people to poverty and maintained them in this situation. In addition, there was a sense of ethnic competition and a perception that one ethnic group had benefited from the conflict while the other lacked political representation. Mistrust between the ethnic communities has grown and had impact on the economy.

In assessing change some poor people saw positive signs either in their communities or within their households in terms of schools, better paths/roads, electricity, and better housing. However, most said the "improvement" was limited and often confined to a few households. To many improvement was a process linked to the life cycle with better conditions once the children grew up. Others perceived improvement in terms of sociocultural change, and linkages to a wider social network outside the village. Yet others said that things had become worse for both their communities and their households in the last 20 years. This was especially marked for those of the poor who had been affected by the armed conflict. A good part of the poor saw their life as unchanging. In Moneragala district, some people saw an increase in unity in the communities and attributed this to the social mobilization efforts by both government and NGOs. Their increased ability to come together and accomplish tasks was valorized.

Poverty alleviation strategies

The poor were resourceful and relied on a number of self-help strategies to cope with their poverty. In the short term, they resorted to working harder at their livelihoods, hunting/gathering "free goods", and

borrowing money. In the long-term, they were likely to send out members of their households out of their communities in search of more lucrative employment.

Many poor households were part of a social network incorporating kin and neighbors, who understood their situation and who could be relied on to help them in times of difficulty and trouble. However, these networks are often strained by the lack of resources and many poor people pointed out that they were all in the same situation and therefore were careful about asking for help.

Traditional community labor mobilization systems such as *attam* (exchange labor), mutual help in life transition ceremonies associated with birth, marriage, and death, including death donation societies, existed in many communities but often excluded the poor who did not own land or because they could not keep up with the monthly payments. Informal reciprocity, involving food and money to cope with poverty, was even more valued than formalized relations of reciprocity, such as exchange labor. Reliance on kin and neighbors among households interviewed was 35 percent in Trincomalee district, 50 percent in Badulla district, 63 percent in Moneragala district, and 79 percent in Hambantota district.

Of the households interviewed, beneficiaries of the state poverty alleviation program, Samurdhi, ranged from 38 percent in Badulla to 75 percent in Moneragala. Non-beneficiaries were critical about the methods of selection employed, particularly at the local level. Beneficiaries were critical about the size of the assistance, and the time and red tape involved in obtaining the assistance. Government assistance in general was perceived as misappropriated, or promised and undelivered. Many poor people felt that funds meant for them did not reach them due to corruption or because these were intercepted by the politically powerful members of their communities. A small minority of poor people said they wanted to be responsible for their own lives and were not interested in obtaining government assistance.

The poor also had no confidence in the effectiveness and accountability of bilateral and NGO projects which were considered as transient, without any lasting commitment or benefits to them. Many doubted the intentions and purposes of NGOs. The manner in which outside assistance is hijacked by the politically powerful and more vocal groups and the lack of awareness by these organizations was criticized. In a minority of cases, both the pros and cons of state and NGO programs/projects were expressed. The unity that was created through their involvement was appreciated.

Needs, priorities, and aspirations of the poor

All the poor people interviewed wanted to better their lot in life but did not always know how or expect that anything would change for them. Many voiced the limitations they faced.

Needs were expressed in infrastructural-spatial, political-economic, environmental, sociocultural, and gender terms. The economic and social consequences of receiving infrastructure (roads, electricity, and water supply) were clearly expressed.

While an end to war and an era of peace was the most often voiced aspiration by poor people in all four districts, regardless of ethnic origin, they were also critical of the nature of politics and did not expect anything positive from their politicians. They voiced a need for a life without fear and insecurity, and a return to mobility within and outside their communities.

A good many of the poor wanted the Government to concentrate on creating employment opportunities, bringing down the cost-of-living, being accountable with the resources available to the country, and ruling wisely for the benefit of all. Minority communities such as estate Tamils felt they were discriminated against by the Government. A few of the poor wanted to help the Government to develop. Sufficient water for irrigation and domestic consumption was an often expressed need.

A better house and lifestyle was a clear aspiration, with not many certain that these could be achieved within their lifetime. For refugees in Trincomalee district, the aspiration was simply to be able to move out of the refugee camp and start a new life.

Everywhere, whether farming, fishing, or estate households, poor people did not want their children to continue with their way of making a living. Education and better jobs (including industrial jobs) for their children were desired. Others were doubtful about the benefits of education and did not want to invest in something where they did not see any returns.

Among women there was an awareness that gender roles were changing and women were in the forefront of not only the private but also the public sphere. Yet this reality of participation and responsibility in family and community affairs was not translated into aspirations that were specifically related to women. However, women expressed hopes and desires for their daughters to be educated and have employment. More households expect to move out of agriculture to overcome poverty and many parents are relying on their daughters, rather than their sons, to help them transcend their current situation.

Key Poverty Challenges in Sri Lanka

The perceptions of the poor on their conditions of poverty and their needs to overcome poverty can be broadly categorized into policy concerns that would address the prevention of poverty, as well as the social protection of the poor and governance issues. Many of the poor, both at household and focus group levels, expressed their needs in terms of prevention of poverty and governance issues, rather than social protection. It would remain a challenge to work on prevention of poverty while maintaining social protection for the deserving in a country like Sri Lanka, where citizens are accustomed to considering handouts as their right. The other major challenge is to work on poverty reduction while continuing to wage an armed conflict, which is a major drain on the country's budget.

The following challenges come under the **prevention of poverty**:

- Culminating the armed conflict;
- Redressing regional disparities;
- Developing infrastructure to reach the poor;
- Creating employment and income opportunities;
- Improving education and skills-training; and
- Conserving the natural resource base.

The following challenges come under the rubric of **social protection of the poor** and **governance**:

- Increasing health/disability/elderly service options;
- Healing the psychological scars of armed conflict;
- Increasing accountability and effectiveness of both government and NGO poverty alleviation efforts;
- Ensuring through an institutional mechanism that the poor contribute to the decision-making processes that result in poverty policies; and
- Supporting an independent institutional framework to monitor poverty and impacts of poverty alleviation programs/projects in the country.

Key Issues to be Monitored

The following issues need to be monitored to improve the delivery of poverty alleviation programs and to ensure that changes in the poverty situation in the country are accompanied by appropriate policy responses.

- Targeting the “poor”;
- The impacts of pro-growth vs. social welfare programs/projects on the poor;
- Gender implications of poverty;
- The contradictions between the rhetoric and practice of “empowering” the poor; and
- The effectiveness and accountability of government and NGO poverty alleviation programs/projects.

Conclusion

The poverty consultations conducted by the Project Impact Monitoring Unit on behalf of ADB reveal clearly that the poor express a range of views on the conditions and causes of poverty, on differentiating the poor, on poverty alleviation strategies, and on their needs, priorities, and aspirations. The team has conveyed the perceptions of poor people in four districts in Sri Lanka in their own words and idiom.

The views expressed here are consistent with findings from all over the world, whenever the poor have been given an opportunity to express themselves, such as in the World Bank’s poverty consultations in 50 countries. The process reveals that structural dimensions of poverty are similar everywhere, and are not solely the result of activities of any particular government or organization.

The Sri Lankan state together with multilateral and bilateral agencies and NGOs expend large sums of money on poverty alleviation efforts, which are of doubtful value to the poor. The macro-level statistics reveal the persistence of poverty in a quarter of the population and the vulnerability to poverty of a larger section of the population. Thus, there is a need to rethink the strategies of poverty alleviation at the policy, design, and implementation levels.