

Measuring poverty



- Geographical location tends to be a large predictor of poverty. For historical and political reasons, the commercial capital, Colombo, and adjoining cities in the Western Province tend to enjoy better institutions and provision of services and are therefore more prosperous. This, however, masks the deprivations of the urban poor, who despite their relatively higher monetary income, face significant vulnerabilities.



- A large section of Sri Lanka's labour force works in the informal economy (including in the agricultural sector) or as migrant workers abroad, who are deprived of decent and dignified working conditions, are devoid of social security and safety nets and live in positions of vulnerability precarity – especially during exogenous shocks such as pandemics.

These factors indicate the need to adopt a holistically focused approach on poverty and income inequality to allow targeted interventions. Interventions rely on measurement; so as a start, there is a need to shift away from using of the official monetary based poverty line as the sole identifier of poverty and move to a more holistic multi-dimensional approach in addressing poverty and inclusion. These should include measures that recognise the interconnectedness of factors needed to end all forms of poverty and reduce income inequality.



- Quality of basic services provision (clean water, sanitation), quality of natural resource management (managing disasters, building resilience in livelihoods), safety nets and access to more just forms of finance as enablers for poorer households to move out of the cusps of vulnerability and poverty towards prosperity. These should be accompanied with a robust strengthening of institutions (state agencies, state programmes, governance structures etc.) to ensure equitable treatment of the populous and fair and just governance that is driven towards equality in opportunities



- The changing nature of work and the workplace because of automation, will require reskilling of the work force. Targeted measures to bridge gendered gaps in digitisation and worker protection mechanisms to ensure equitable and just employment opportunities are needed.



In this respect, it is important to draw in on quality of work (dignity, security, safety nets), quality of education provision, quality of health provision and quality of infrastructure provision.

What helped them to move out of poverty?



- Overseas Migration played a catalytic role in all communities as remittances coupled with good financial management were used to purchase basic food items, educate children, and improve asset base, housing and land ownership.



- Secure and stable employment enabled households in all four communities to cushion against shocks during times of war or resettlement and as a means to supplement other income sources. In the majority of households, employment in the formal sector provided a stable income source.



- Diversified livelihood portfolios enabled households to have greater upward mobility. Common factors that contributed towards a diversified income portfolio included formal education, informal training, supportive family and social networks, financial and non-financial assistance, access to markets etc.



- Education and skills development played a catalytic role in all four communities as it enabled households in which individuals who had formal education secure public sector jobs, language skills enabled communities such as estate households to access employment opportunities. For those with lower formal educational attainment, skills training either through apprenticeship or on the job training also contributed towards individuals accessing better jobs.



- Access to markets for rural communities and those directly affected by conflict with improvements in infrastructure (roads, transport, utilities, bank services) enabled access to employment, and expand non-farm activities, while for urban communities close proximity to markets and value chains facilitated enterprise and employment opportunities.



- Social networks and strong family connections helped develop alternative livelihoods during the war for communities directly affected by conflict and migration out of the country, while in plantation communities social networks helped people find jobs in urban centers. Cohesive social networks were noted to increase bargaining power amongst urban low-income settlements in securing improved services, tenure and rights. In addition, childcare provided by neighbours enabled women in low-income settlements to engage in employment. Further, networks helped women to form collective groups that engaged in livelihood activities to earn additional income, and socialize.



- Enablers that contribute towards households moving out of poverty include government financed welfare programs in health, education, and anti-poverty programmes such as Samurdhi, while attitudes and motivation of individuals and households played a pivotal role in enabling them to move out of poverty.

Why do people still remain in poverty?

- Communities' limitation on accessing productive assets such as land pushes households further into poverty. Assets such as land act as collateral for credit, and protect households during unexpected economic shocks, and is important for households whose main source of income is directly linked to such assets. The loss of assets due to war, forced or voluntary resettlement, or development of infrastructure has negative impacts on overall wellbeing of households, and affects food security, income, health and in some cases education of children. Limitations on access to assets from economic development and urbanization has resulted in curtailment of traditional livelihoods, limited employment opportunities that create inequalities that marginalize the poorest households.



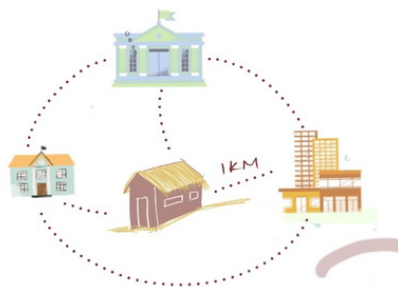
- Maintaining secure livelihoods remains a challenge for the poorest households due to lack of productive assets such as land. They are also noted to leave the formal educational system early (15-16 years) and this does not allow them to achieve adequate foundational skills to get to the more sophisticated technical jobs. Thus they are dependent on casual wage work whether agriculture or nonagriculture sector. Increased competition from larger and powerful economic players has marginalized poorer households as they are unable to compete. Even those working in low skilled formal sector work face insecure livelihoods and lack opportunities to engage in dialogue with employers.



- The poor are more vulnerable to changes in environment whether due to climate change or other drivers. Degradation of our natural resources from improper land/water management, heavy reliance of chemical additives to increase productivity, and climate change negatively affects the poorest households who rely on agriculture and natural resources to generate food and income. Climate change acts as a threat multiplier to existing issues and further aggravates existing vulnerabilities or can create new ones if responses are not put in place with due consideration to a range of direct and indirect vulnerabilities. Although climate adaptive approaches to livelihoods can provide poor households with the ability to improve their income earning capacity, the risks of adopting these approaches are high, making households who are already poor unwilling to take on risks without adequate government support, without adequate economic incentives, policies, resources and access to markets in place. These interventions also have to be multi-pronged - addressing scarcity of the resource, equity of distribution and effective governing structures (to manage effectively and reduce conflict



- Location is of strategic importance to poor households as proximity to work, markets, enterprises and education form the basis of most poor households ability to earn a livelihood or gain access to skills/ education and better opportunities. For women in particular distance and constraints on mobility affect their ability to access markets, education, jobs and livelihood opportunities.



- Weak social safety nets. As informal sector workers, the poor lack social safety nets such as retirement schemes, while the poorest who are engaged in formal sector work due to lack of knowledge on labour laws and their rights are unable benefit from formal sector schemes. The bending of labour laws by entities with more power and exploitation are some of the challenges faced by the poorest. Inequitable spread of Samurdhi schemes has also deprived communities in the North and East of access to welfare benefits and loan schemes.



- Inflation affects the poorest households adversely and contributes towards increased debt. As poor households are unable to save and invest in the future given rising inflation, inadequacy of income has led in many cases where households have borrowed beyond their means, increasing their debt.



- Weak access to education services, facilities, poor infrastructure, and high cost of vocational training and education means that the poorest households are unable to access these services. Inequitable access to education services for the poorest means that they are relegated to casual wage labour that provides insecure livelihoods.



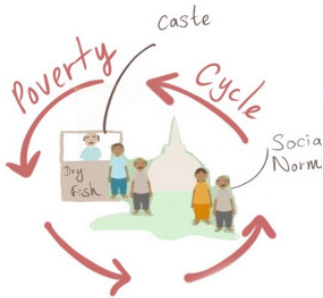
- There are inequities in the distribution and access to health services for the poor. Although Sri Lanka has universal health care services, there are disparities in its distribution and access, thereby impacting the overall health status, specifically physical and mental wellbeing of the poorest households. The elderly are the most disadvantaged as they are negatively impacted by distance, lack of transport and mobility issues which are further aggravated by the fact that the poor are unable to afford medicines and health care.



- The lack of basic services and poor infrastructure widens inequality. Poor access to roads, transport, electricity, and water stifles the ability of the poorest households whether in rural, urban, estate or directly affected by conflict. The lack of infrastructure such as electricity affects education, health, and economic activity of sectors such as agriculture as they are unable to capitalize on cold storage facilities and other technology. Poor access to water affects the health and wellbeing of the poorest households, specifically women, children and the elderly.



- Weak social networks and community cohesiveness worsens inequality. Family and social networks provide economic security as family members' earnings contribute to common consumption, provide opportunities to obtain informal credit, access employment, apprenticeships and cushion economic shocks. Absence or breakdown of networks and structures during conflict, displacement or resettlement makes households vulnerable, creates insecurity and weakens community cohesiveness. This in turn weakens communities' voice and agency, when networks are disrupted. The lack of information, weak knowledge on rights and entitlements, compounded by the lack of transparency and nonadherence of government to laws, exclusion of communities from development programmes also contributes to weak agency and voice of the poorest communities.



- Social norms and identity in terms of caste and class play a role in marginalizing the poorest in society, which can trap them in a cycle of chronic poverty and social exclusion from which it is difficult to escape, limits opportunities to access education, employment, places of worship, public services and community life.



- Centralized decision-making on land rights impacts the poorest communities. Complex legal/policy frameworks, multiple legal and administrative provisions, weak uniformity in regulatory frameworks and redress mechanisms, archaic laws, the lack of independence of institutions responsible for land issues, new regulations and circulars issued by central government, poor knowledge, coordination and capacity of government officials on State laws act as barriers to the poorest communities, specifically those who were directly affected by conflict from accessing land.