

## CHAPTER I

### INTRODUCTION

#### 1.1 Background

In development literature, Sri Lanka is cited as an example of a nation that has consistently scored high in human development despite a low per capita income. However, despite the high achievement on social indicators, a significant proportion of the population continues to remain in poverty. The major challenges in the performance of the economy are caused by several key factors, namely different economic policies by different governments, the volatility of the world market, extreme weather conditions, and ethnic conflict (Central Bank, 1998). Poverty poses a challenge as well as a threat to the development process of the state. An essential implication of poverty is that a section of a country's human and natural resources remain neglected, thus hindering the realization of the country's potential for growth and development (Rathnayeka, 2000). At present, both the Sri Lankan government and the people are facing many difficulties on the path to development. Particularly in the urban sector, the percentage of poor has more than halved during the last decade (Jayanetti and Tilakaratna, 2005). However, the alleviation of income poverty has been more problematic in both rural and areas (Yapa, 2002).

The more developed and highly urbanized Colombo Metropolitan Region (CMR) or Western Province has emerged as the center of gravity in the national economy. According to Lakshman (2000) the country's main economic activities tend to be centralized in Colombo City. The urban centered development policy creates a concentration of incomes, opportunities, and power in and around Colombo. Most of the poor migrated to Colombo City from rural areas because of the low income in agricultural sectors. They have relatively low levels of education and less access to material resources such as land, social and physical infrastructure. People looked for jobs in the industrial sectors and livelihood in the capital.

However, according to Wanasinghe (2002), urban poverty is highly pervasive in Colombo. Poverty alleviation strategies have not been integrated into the mainstream development efforts and therefore do not offer structured solutions to the problem of poverty because urban poverty was not considered a specialist priority area for state intervention until the 1970s (Gunetilleke and Cader, 2004). Consequently, because of the increase of population in Colombo at the beginning of the 1970s, the housing situation of the city was very poor and about 50 percent of the city population lived in two types of low-income settlements: slums and shanties (United Nations, 1993). This is because, most of the development policy focused on rural poverty alleviation, but since independence, poverty in the urban sector has been relatively neglected (Gunetilleke and Cader, 2004).

However, the government's urban development policy has relocated slums to suburban areas (rural-urban fringe) or rural villages, because of acutely overcrowded urban slums. Resettlement of slum and shanty dwellers has been carried out in new settlements outside city centers and some in suburban areas including for new land or housing for the poor, particularly with consideration of high costs of land and provision of infrastructure in central and nodal areas of the city. These kinds of resettlement are poorly managed. Also in the meantime many of the settlements in the city have increased in housing densities beyond manageable levels with slum conditions becoming prevalent in them.

The poor relocated in suburban areas have experienced both positive and negative impacts of development. Since the government introduced different kinds of poverty alleviation programs more than two thirds of families live below the poverty line. This is because most of the programs merely focus on economic strength without enough attention to the complexities and diversities of the whole social structure of poverty. However, there have been a few scholars who have done research on suburban poor in Colombo.

However, urban poverty is a common phenomenon in developing countries. Most governments and Western donors focus their development project, with the idea that poverty is just a problem of income-generation so by launching the "Poverty Alleviation Program", they assume they can eradicate poverty.

Nevertheless, poverty eradication is not simply a question of providing the poor with public goods and services to meet their basic needs. This may result in the temporary alleviation of conditions of poverty, but is not a sustainable solution to the problem of poverty.

However, eradicating poverty was one of the major goals of post-World War II politics in the United States and other Western industrialized countries. Nevertheless, conception and treatment of poverty were quite different before 1940 (Sachs, 1990 and Rahnema, 1991). As Rahnema (1992) argue that in the past and in many cultures of the world, the poor were not always the opposite of the rich. Global poverty is an entirely new and modern construct. Yet poverty is also a myth, a construction and an invention of civilization. A common denominator for most perceptions of poverty remains to be the notion of 'lack' or 'deficiency' (Rahnema, 1992). According to Escobar (1995), the native capacity for science and technology, the basis for economic advancement, was seen as zero. "Whatever these traditional ways might have been, and without idealizing them, it is true that massive poverty in the modern sense appeared only when the spread of the market economy broke down community ties and deprived millions of people from access to land, water, and other resources.

In colonial times the concern with poverty was conditioned by the belief that even if the "natives" could be somewhat enlightened by the presence of the colonizer, there was not much that could be done about their poverty, because their economic development was pointless (Escobar, 1995). This indicates that poverty remains not only as a "human tragedy", but also as the "greatest challenge" to humans living in the 21<sup>st</sup> century.

In the latter area the debate has largely discussed the rural poor with the notion of urban bias (Lipton, 1977) as the mainstream view. This view holds that cities have taken the lion's share of national investment fruits at the cost of the great number of the poor living in rural areas. Although this might have been the case, a demographic shift is currently taking place so that before long the majority of the absolute poor will live in cities. They may have greater proximity to facilities and services than poor people in the countryside, but this does not mean they can

necessarily afford or access them. For example, poor women can be denied appointments at clinics or minority children refused entry to schools (Beall, 1997). Studies in the 1980s showed the rise of poverty in urban areas (Moser and Satterthwaite, 1985); and this trend has been confirmed by studies of the urban impact of structural adjustment policies since then. Urban poverty has been addressed with greater long-term consistency within industrialized countries than in the developed ones.

Moreover, Wratten (1995) has argued that it is not helpful to conceptualize urban poverty and rural poverty as separate definitional categories; this conceptualization is arbitrary and runs the risk of a dualistic spatial classification that in turn confines solutions to the local level when they may be better sought at a national or regional level. Nevertheless, poverty in urban areas has different characteristics from that in the countryside. Urban labor markets and the position of the poor within them provide the single most important determinant of poverty in urban areas (Amis, 1995) and the poorest are found among the unemployed or casually employed.

Urban poor pay more for their goods and services and are often more vulnerable than rural poor to changes in market conditions, price increases fluctuation and decline in real wages because they live in an almost entirely monetized economy (Beall, 2000). Besides, the most significant difference between food access in urban and rural areas is that rural people can often produce their own food, whereas urban people are more dependent on food purchases. A recent study found that households purchase 90% of their food (Maxwell *et al.*, 1998). This dependence on purchases is further increased because, unlike their rural counterparts, urban dwellers cannot easily exploit natural resources for their food. Food expenditures can make up as much as 60 to 80% of total income among low-income urban households (Tabatabai, 1993).

Over the last half of the twentieth century, the world economy has drastically affected the cities of the South. While developing countries have been struggling to alleviate poverty for some time now, they are also facing new challenges posed by globalization. Beall (2000) also noted that, the globalization of economies has

reduced the power of national governments to manage their own economies, particularly by opening trade barriers and markets to global competition.

Nevertheless, the condition of the poor in urban areas is different from that in rural areas. Poor living conditions, such as appalling overcrowding, contaminated water, poor or absent sanitation threat of floods, landslides or industrial pollution, all mean that the urban poor are exposed to severe environmental health risks. Urban poverty is assumed to be the result of its own uneven development connected to the rural poor. The emergence of urban poverty is commonly viewed in the rural-urban interrelation as one of the impacts of the urbanization process (Diem, 2003). However, the basic causes of poverty are beyond their control. This research aims to investigate a group of suburban poor resettled in Kaduwella in the Colombo district and their livelihood, and observe the relationship between poverty and development.

## **1.2 Statement of the Problem**

Since independence, successive governments have experimented with various poverty alleviation policies and programs in both rural and urban areas. These policies have had three main approaches to alleviation of poverty: social welfare, income generation and a combination of both. But in most cases the results have seemed obscure and the situation has become worse. The early social welfare programs, for example a food subsidy scheme, did not effectively reach the poor. These programs and policies are applied mainly in addressing just one or two aspects of the problem. The problem has to be examined in a holistic way and attention has to be given to its multi-dimensional facets, not income alone (Fernando, 2002).

However, urbanization is significant in the country and it is characterized by a relatively high incidence of poverty. Nevertheless, urbanization has led to a series of problems including excessive congestion, poor housing, unsanitary living conditions, polluted environment, poor quality of life and degraded socio-cultural conditions, especially among the urban poor. In addition, half of the population of Colombo has been living for many years in slums, shanties and other types of low-income settlements. The government implemented urban development programs for

the improvement of slums and shanties in the city early 1970s. Most of these programs were subject to urban renewal and slum removal. However, these settlement policies of slum and shanty dwellers has been carried out in new settlements outside the city centers and some in suburban areas including for new housing or land for the poor. These kinds of resettlements mainly focused on how to solve a city problem but consequently, poor have moved from the city to suburban areas. When I interviewed the settlers and the poor in the village to gather some basic information about their socio-economic background, some people said that compared with urban slum life, the new situation is better, because villagers claim that they have their own very small pieces of land from the government.

Despite the fact that a significant portion of the population in suburban areas have been living for many years in unserviced and other types of low-income settlements or resettlements. However, until recently, they did not have basic infrastructures facilities such as electricity, water supply, road and drainage. Even though poor dwellers cannot afford formal sector goods and services, they have been able to build their houses and some infrastructure on a self-help basis without being a burden to local authorities and the government. Nonetheless, according to villagers, housing was the greatest problem at that time and still is even today. Some houses have two families and most of the houses are very small. Recently, the government development programs developed this basic infrastructure and services but the poor have difficulty accessing or managing this because they have a low income.

The government introduced most of these relocation programs without any consultation with the people, which badly affected their livelihood. Nevertheless, the majority of poor consider that they have many income opportunities in the informal sector activities of the city, but a lack of opportunities for skill improvements and secure sources of income are a major cause of their poverty. Also they were unable to identify better economic opportunities or meet the needs arising from existing economic activities. People don't have stable jobs and many youth are jobless. Most income hinges on the informal and sometimes illegal sectors. Wage labor is on a daily basis, so they can only support their family each day. They do not have regular

or adequate income and often find it difficult to raise the necessary funds to meet these financial obligations.

Also many social problems still plague this village: drug or alcohol addiction and domestic violence, child malnourishment, inability to access good education and an unhealthy family environment. Some women said that domestic violence was prevalent, identifying a direct link between declining male earnings and increasing domestic violence, often in conjunction with alcohol or drug abuse. Some young people do not like to use the village name for their everyday life, thinking it will be a disadvantage for them. The villagers are displaced people, who have, after resettlement, lost their social relations, kinship, culture and social capital as well as their daily livelihood.

A significant number of families benefited from the welfare food scheme under the National Poverty Alleviation Program (NPAP). Recently it was 40 percent; the criterion used for the selection of beneficiaries was a monthly family income of one thousand Rupees or less. However, the government poverty alleviation programs have not recognized the community savings & credit programs in the past. Some of them consider that they are poor, because they do not have easy access to credit. They always rely on moneylenders for emergency credit due to lack of access to the formal banking system.

Recently, a poverty alleviation program was launched with social mobilization and empowerment activities such as savings, credit facilities for the poor, an introduction of social development programs to strengthen micro enterprises (self-employment small projects) for income generation. The poor villagers, especially women have been participating with insignificant numbers. More women in the village successfully operate a group-based savings and credit system, which practices not only financial aspects but also increasingly recognizes enhancement of individual and social resources.

Some of them launch a business project to raise their economic status with support of the microfinance bank, but most micro enterprises cannot be sustained, because they are troubled by market failures. In addition, a significant number of

families are below the poverty line because the villagers still face many other socio-economic challenges, and they lack skills and knowledge.

Furthermore, they do not have an attitude for business, are risk-averse and there are few displaying entrepreneurial talent. The poverty alleviation program provided a window of opportunity for the poor to access credit to run a business as a self-help activity, but maybe benefit them very little. Besides, the poor lack money to do their own business, whether micro-finance is indeed real help to the poor. Some of the poor is refuse to participate in the programs of for many reasons but political purposes are significant.

This research aims to study how these people view "poverty" and their involvement in the poverty alleviation program as well as investigate the implementation of the microfinance program in a suburban village. Also the questions confront the fact that the villagers face many problems. However, poor people do not have money for investment capital or resources to do their own enterprises or business. How can a microfinance program effectively improve local life and income generation? Using the following questions, this research identifies their involvement in the government-introduced poverty alleviation programs.

### **1.3 Research Questions**

1. How have people in Vallangirya Village historically become poor and how do the villagers view their "poverty"?
2. How has the concept of poverty in Sri Lanka been constructed by the government policy makers and implementers?
3. How do poor people get involved and view the poverty alleviation program in terms of local poverty?
4. What have been the results of the villagers' involvement in the poverty alleviation programs?



#### **1.4 Research Objectives**

1. To study how, historically, the people in the suburban village (resettlement) become poor and to identify how they view their poverty.
2. To investigate the process in which the government development policies have constructed the concept of poverty in Sri Lanka.
3. To investigate the poor's participation and involvement in the microfinance program.
4. To understand whether the microfinance and poverty alleviation program provide the answers to poverty.

#### **1.5 Conceptual Framework**

In this proposed research, based on the literature reviewed, and in the context of Sri Lanka, I have attempted to build a conceptual framework of the study to analyze the implementation of Sri Lanka's poverty alleviation strategy. In order to explore research questions, I use three concepts in this research: the construction of development, perspectives of poverty and the concept of participation and empowerment in poverty alleviation programs. The focus of this study is on the processes of development and poverty alleviation strategy by poor in a resettlement village in suburban in Colombo. Recently, microfinance based activities are the main tool for poverty alleviation. These issues are examined in a field of development.

Before I work on these concepts, I first try to understand the social, cultural, economic and historical background of the resettlement of urban poor so that I can understand how they become poor and also how their culture, society and livelihood strategies affect poverty. Their social and cultural memories are useful for identifying the reality of both village people and the development projects. However, there are many reasons for poverty in the community level.

This framework begins with an exploration of how development in the global context influences policy. In particular, in the Third World, development policies are dominated by global development assistance. This study aims to understand, how these policies have affected poverty. This will provide an

understanding about the changes of policy for poverty reduction, changes in socio-economic conditions and the current poverty situation in Kaduwella.

Secondly, I will investigate measurements of and perspectives of poverty. Most of the government or development agencies define poverty based on the poverty line, Gross National Product (GNP) and Gross Domestic Product (GDP) and also income, what we call economic development. However, poverty in both urban and suburban areas should be defined in a variety of ways such as the socio-economic conditions and the livelihood of local people, the history of each slum resettlement and many other aspects. By analyzing the discourse of poverty, I wish to investigate whether or not there has been domination of a Western ideology for the model of development in Third World countries. This study hopes to show how government and donor agencies define poverty as well as the understanding of actual poverty in the village by the villagers themselves.

The term "development" has been clarified and defined differently by different researchers and development agencies. The notion of development thus represents a great variety of definitions, theories and approaches, creating complex meanings. Recently, the concepts of sustainable development have become a new paradigm for development. This has launched new development policy in developing countries. In this sense, I will investigate how this concept has been implemented in the resettlement of villages and poverty alleviation projects.

Thirdly, I will look at how the grassroots empowerment approach entered into the development. Most of the development programs which were designed to help the poor to meet their basic needs failed mainly due to the politics of needs identification and interpretation by planners. Moreover, social mobilization, microfinance and micro-enterprises have had major functions in the poverty alleviation programs, and also gender participation is also significant. However there have been several barriers against its further development such as free market, and its competition, globalization, civil war in general and also a lack of knowledge, technology and skills at an individual level. There are in fact many positive experiences of microsavings and credit systems practiced by small groups in the village. This study aims to see why the microfinance program is important in the

poverty alleviation process. Microfinance, like most other development activities, works best when it is part of a broader multifaceted approach to poverty alleviation in which a number of other structural impediments that the poor face, such as a lack of health, education, and infrastructure services, are also addressed. Also microfinance reduces variability of income over time within households. Participants join microfinance programs because of the reduction of the risk to household livelihoods that cheaper loans bring.

Finally, the study focuses on how this strategy is implemented in a suburban village and also investigates how the poor are involved with poverty alleviation programs and how they negotiate them. It is my intention to investigate how the resettled poor negotiate with development and how they challenge their poverty.

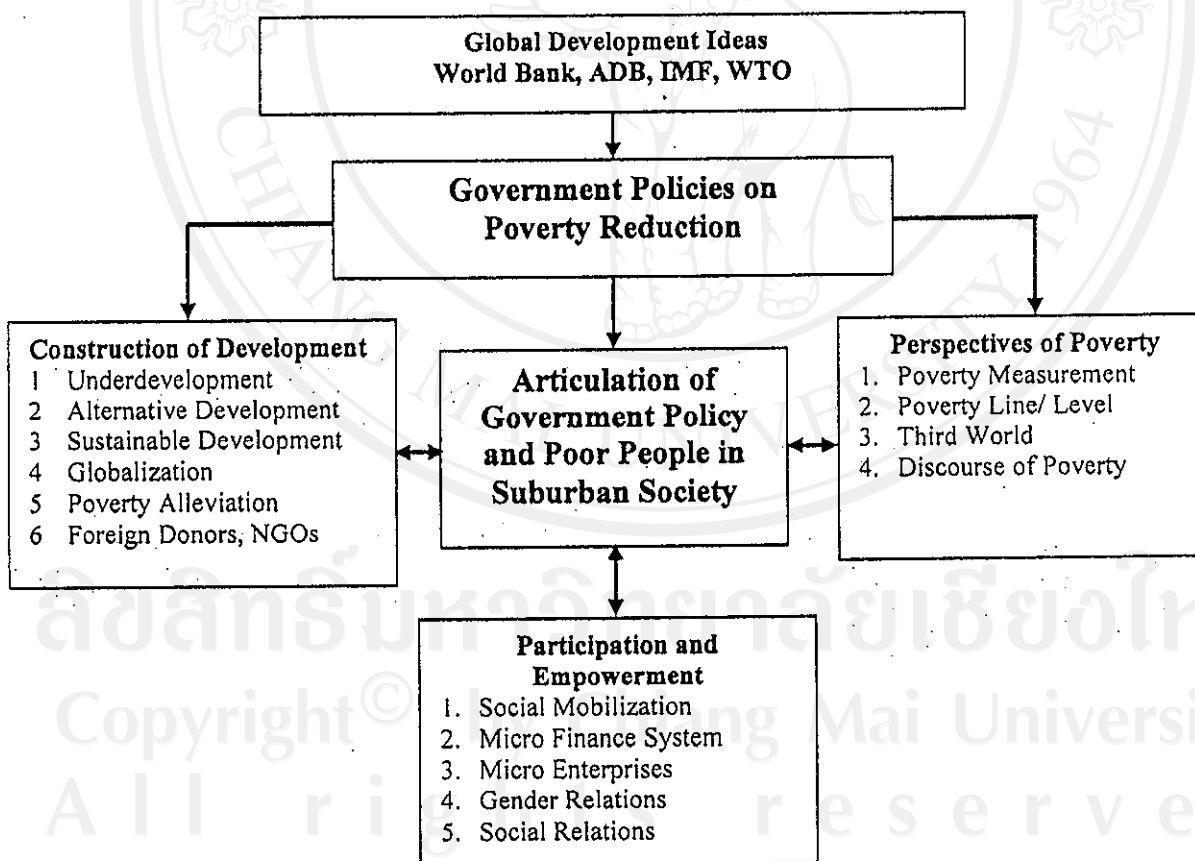


Figure 1.1 Conceptual Framework

## **1.6 Research Methodology**

My research is based on both theoretical and practical approaches to the problem and on my numerous working experiences in Colombo. I have been fortunate to work with the poor people since 1995 through the national poverty alleviation program. During my work under the program, I saw that some suburban and rural areas are very crowded villages, with inadequate living conditions, very poor, local people and violence. These are all resettlement communities. However, I found one village for my research from these resettlement villages namely Vallangiriya. Today, this village has had very rapid infrastructure development, but the poor received fewer benefits from the development project. Vallangiriya is located in the Kaduwella region of Colombo district. It is about twenty kilometers from Colombo City.

### **1.6.1 Research Site**

Geographically, Kaduwella is located near the Kalany River. This river is one of the boundaries between Colombo and Gampaha districts. Kaduwella's western boundary is Colombo city. In the past, this land area was mainly used for rubber plantations, fruit growing, paddy fields, residential, and other purposes. Most of the traditional people were middle or low income, working in the past in the rubber plantations or factories and other sectors. Recently, most of the rubber plantations were cut down and this land has been used for residence. The percentage of rubber plantation land decreased rapidly. Some low-income people earn their living from small business, the local clay products (pottery, bricks, pots and other products), collecting and selling sand from the river, and production of many domestic products. Nevertheless, some villages are rural, for example, significant numbers of people in the Eastern part of the Kaduwella depend on rubber plantation, rice paddy, fruit vegetable farming and animal husbandry. However, most of the farmers do not cultivate their paddy land due to the low profitability of paddy cultivation. Some paddy land cultivation only one season a year and most of the paddy field are allowed to fallowing. Urbanization has substantially reduced the land under paddy as these lands are financially more attractive to other uses.

However, the administrative functions of Colombo (Capital) were relocated to Sri Jayawardanapur, and some government offices are located in neighboring Kaduwella. The major Investment Promotion Zones (IPZ) of Biyagama have been located in Gampaha district, a neighbor to Kaduwella. As a consequence, many people migrated to Biyagama and also Kaduwella; they are workers in many factories in the IPZ. Some people moved to and settled in both of these areas for many reasons such as land purchase, marriage, etc. Also, new residential, commercial, industrial, cultural and social activities have been attracted to Kaduwella. With this background, Kaduwella has recently undergone urbanization and modernization like new suburbs (see appendix F). According to the land use, the area was identified mainly as suburban. Some poor slum dwelling people were relocated to Kaduwella, although not only the poor move to Kaduwella, because due to the availability of cheaper land and infrastructure facilities many rich people move there as well. However, city life has already dominated their everyday life.

After three months of initial fieldwork from March through May 2005, I accumulated experiences and collected some necessary information for my research. During this time local people as well as local leaders were very hospitable and friendly to me. They also helped me during my second field study from February to May 2006. I spent almost three months visiting households, conducting interviews and discussions, attending groups and society meeting and their annual meetings, and working together with poverty alleviation officers on their marketing exhibitions. I also visited a few small enterprises and Samurdhi Bank Societies in the area.

At the beginning of my field visit, I faced some difficulties, because I was perceived as an outsider. I asked for help from the development officer to find a family name list and a program beneficiaries name list in the village, and also to introduce me to villagers. I visited different families and also fulfilled pre-testing of questionnaires with the development officer. I noted that when I interviewed people, they hide some information such as income and expenditure, savings (excluding Samurdhi Bank savings) etc, because the development officer was with me.

However, I gradually built up a relationship with villagers and local leaders, and they accompanied me to interview some families if they had free time.

Vallangiriya is one of the poor villages in Kaduwella. More than 98 percent of the people are Buddhist and others are Tamil and Muslim. There are more than 781 families living in 660 houses, although the number of houses is temporary. Family members are generally not more than 5, with most of them being young or school-aged children. Villagers usually use public transport services or bicycle. There is no agriculture or any natural resources in the village. Villagers' main income comes from the informal sector. Both women and men also struggle against their poverty, especially young couples facing many problems surrounding land issues, unemployment, housing, health, and so on.

However, Vallangiriya villagers are historically poor, because, in the past they were poor in the urban slum society, and after resettlement they faced many socio-economic problems in the unfamiliar rural village. In recent years, market-based development policy has also affected their poverty. The global market has dominated over their domestic products such as handicrafts, food products, garment products, and wood products in the local market and thus the poor suffer without market options for their products. Because of this, people cannot use good technology for their products and consequently there is a relatively low standard for their products and also the highest cost of products.

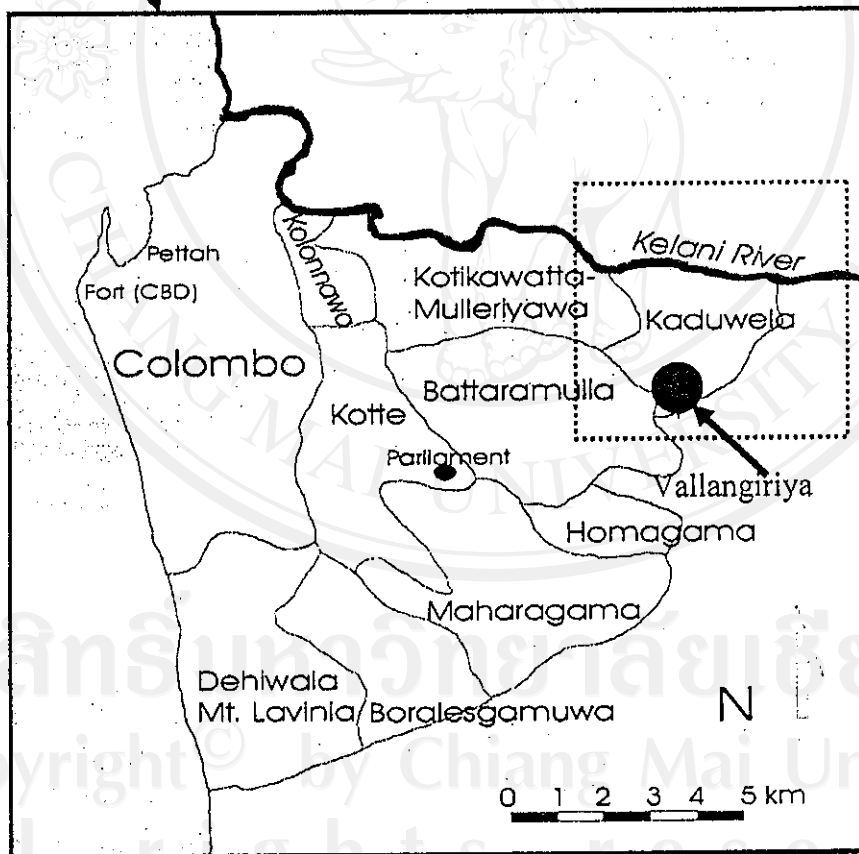
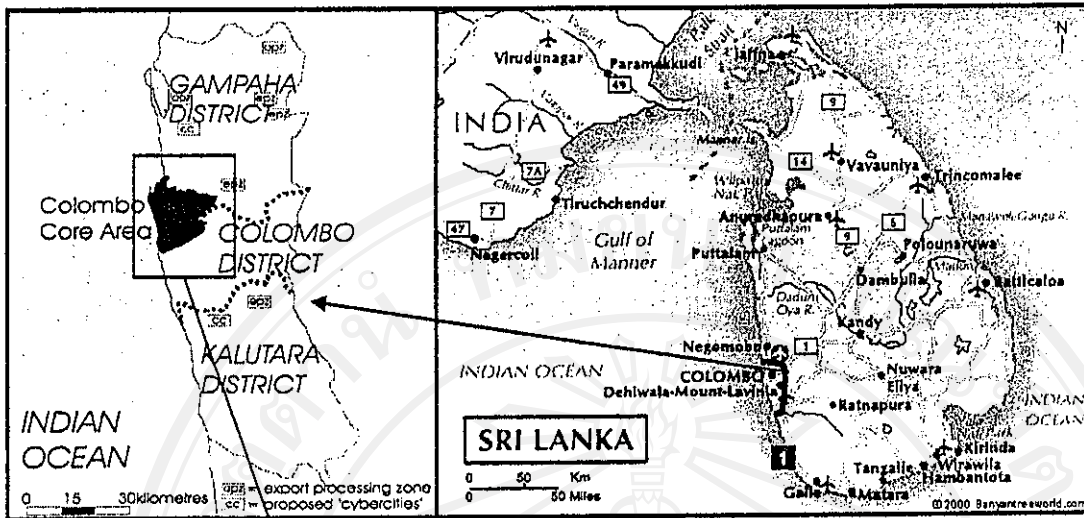


Figure 1.2 Map of Sri Lanka and Research Site

The government's focus for their poverty alleviation program was income generation or self-reliance. However, poverty indeed has a link to more vulnerable issues such as crime, domestic violence, drug and alcoholism in this village. Some children are absent from school because they do not have breakfast. Within this complicated situation the poor in the village are marginalized by the development process.

The selection of the research site is based on the following criteria: (1) compared with other villages, their living standard is relatively low. (2) Significant number of villagers are under the government poverty alleviation program (3) most of the families are resettled (4) People earn their living from small business or small enterprises. (5) They are facing many kinds of socio-economic problems.

### **1.6.2 Data Collection Methods**

This research combined a number of research methods in order to approach poverty issues. The study is based on both qualitative and quantitative methods. Quantitative data was used to help to understand what is happening in the field. Qualitative research helps to understand why it is happening. In many cases this is done intentionally as either the main methodology or as a secondary technique to supplement and support other research strategies. Quantitative data is characterized by many of its proponents as objective, representative and most important, specified data. Quantitative data analysis is strong at describing the "what" but weak at explaining the "why." Qualitative methods are used to explore the meanings of people's worlds. The importance of qualitative methods for the social sciences is best illustrated by considering the ideas that people have explored by using them. In this research the main focus is on the qualitative data. The study collects both primary and secondary data, in order to find relevant data for study. This study used several techniques that include secondary data review, interview, and observation.

The secondary data used ranged from socio-economic conditions, the poverty alleviation policies, the development policies and other aspects relevant to the study. The secondary data collected varied from reviewing various documents from published government statistics, local or regional government reports,



magazines, articles, journals, and university and NGO publications. Reviewing secondary data was helpful to understand what happens in the research site. This information is relevant to the research issues. Such data can be critical not just to analyze in its own right, but also to supplement or triangulate the primary research data. Primary data is collected in the field from key informants who participate in the poverty alleviation program.

The participant observations method was helpful to understand more about local people's everyday life and behavior such as their earning of income in the informal sector, and their basic socio-economic needs, kinship and relations within each household and neighborhood. I visited the village, to join in village activities and observe human relations in the community. These methods demand observation of the activities in Vallangiriya village to understand their livelihood activities and their involvement in poverty alleviation programs and microfinance. At the same time, I interviewed people in the village, mostly with three types of interviews: group interviews, structured interviews and informal interview. It was a great way of accessing people's perceptions, meanings, and definitions of situations and constructions of reality. It is one of the most powerful ways we have of understanding others. I used interview questions that were not strictly preplanned but developed during the fieldwork. There are several different types of group interviews in this research. Group interviews were used to address some specific topics such as to observe about group activities, self-employment, and how the poor loan utilized, how saving and credit affect their livelihood and also examined how outside people look at the village, etc. The focus will be on the poor members in small groups, society leaders (poverty alleviation program, NGOs, political and social services). Selected groups or members would discuss the difficulties in their lives.

Later I concentrated on groups of the microfinance bank leaders (poor women), the government poverty alleviation program officers and some administration officers (village, zone, region, and district) and others. I focused on this method to investigate how poor people participate with the poverty alleviation programs and how they strive for empowerment to find some positive aspects of the

programs. Structured interview methods aimed to determine the role of the suburban poor households in the village and to examine social and economic status and the history of this resettlement to show their difficulties in livelihood.

The informal interview is another method I used to obtain data for my study. It involved informal talks with villagers. This method aims to understand some livelihood strategies and investigate and understand their ways of living, behavior, value systems, and mutual relationships. In addition, by using this method, this study may understand some informal activities in the everyday lives of villagers. Informal interviews are conducted with the participation of social actors such as government officials or NGOs who have experience in village life.

Household surveys were used to collect socio-economic data, livelihood status, members' progress in poverty alleviation programs, microfinance data, and so on. From around 781 families in the village, this study was supposed to focus on 10 percent or nearly 80 households as samples. But I surveyed only 65 families, because of the most of the adult family members are outside their house. First, I had met some village leaders and government officers to classify the 781 households into three categories: non-poor, beneficiaries of the poverty alleviation program, non-beneficiary poor but members of saving credit program. In each category, participants were selected randomly using name list following each list (5 households are non poor from election list, 50 households of beneficiaries from the income transfer list in program of poverty alleviation because this research is limited to mainly low income poor and their families, and 10 household of others from the members list in Samurdhi Bank). First, five samples of the questionnaires and guidelines for the interview were pre-tested in advance. Then, the tested ones were revised until good enough to conduct the household surveys.

After obtaining a list of households, I randomly chose my sample from these lists. However some of the poorest families did not participate or dropped out of the poverty alleviation program, and I also interviewed these families. Some non-poor also saved their money in Samurdhi bank, because of the people had no need to go to bank for saving money. And also they have a higher interest rate than other conventional banks. This survey helped to me find out how these people get

involved in the resettlement scheme and the poverty alleviation programs. Also it was important to find out negative and positive aspects of the programs. During my time in the village, I recognized how men and women in the village earned their living through different economic activities in different ways. Most of the men were not involved with my interviews, but women explained more about their difficulties. Sometimes the people were not interested in answering the questions. Because most of the women had little time for a rest, interviews with them were sometimes ineffective. However, they explained to me why at present their livelihood strategies did not allow for a high income.

Data analysis follows the conceptual framework. All data collection and field observations are classified and reflect to research questions and objectives. Both quantitative and qualitative analyses are applied, to analyze and understand the phenomena in the research site. Firstly, I analyzed people in the village resettlement and the historical background and their involvement in the development process, information on implementing poverty alleviation program, customs, knowledge, their livelihood strategy and culture. Secondly, I examined socio-economic conditions, demography, and labor of households, saving and credit (including both in the village and in microfinance bank), their resources, micro enterprises and gender relations in the program. Finally, I analyzed how people participate in the development process and saving and credit program, in addition to their empowerment and life improvements. Tables, graphs, diagrams, maps and photos will also be used to illustrate research findings.

### **1.7 Organization of Thesis**

The thesis is organized into seven chapters. It begins with general theoretical debates on development and poverty alleviation in the world then narrows its focus down to Sri Lanka and then to one specific urban resettlement village. The situation of the poor in Vallangiriya village and their participation in development and poverty alleviation programs at the village level, and its impacts on livelihood are discussed in detail. The content of each chapter is as follows.

Chapter I presents the general background and an introduction of the study that includes the rationale of the study, a statement of problems, research questions and objectives, research methodology, and its organization. Moreover, I discuss the problem and difficulties that were encountered.

Chapter II discusses relevant literature and reviews various scholars' studies about poverty and poverty alleviation. Three main concepts are extracted from the theoretical debates: the construction of development, perspectives of poverty, participation and empowerment and how these concepts are practical at the grassroots level is explained. I also give some explanation about the formal and informal sector and microfinance in poverty alleviation.

Chapter III looks briefly at the evolution of policies on poverty alleviation in Sri Lanka. In the history of the development in the country, many policies were aimed to wards poverty alleviation; this chapter seeks to address some of the issues on the cause of persistent poverty in Sri Lanka. In addition, aim to address to how government policy affected to the poverty.

Chapter IV gives details about my site for readers and gives explanation about how these people became poor in the development process following a history of their way of life. This includes basic socio-economic information about the village.

Chapter V mainly focuses on complexity of livelihood strategies of people in the resettlement village. The first section presents some occupation and crucial role in local livelihoods in the present context. The second section deals with and highlights how social problems, cultural and market competition impact upon their poverty.

Chapter VI deals with the impact of the microfinance program and Samurdhi Program towards the improvement of living conditions of beneficiary families, and also examines improvement of the poor's (especially women) status in the family and the village. It consist of two sections; the first looks at mechanisms of the saving and credit program of Samurdhi and the second investigates people's participation in the program, mobilization of poor for saving, credit, and self employment and improvement in income level.

Chapter VII is the conclusion of the thesis, including a brief summary of the research findings, and policy recommendations.



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