

REVIVING LIVELIHOODS AFTER THE TSUNAMI: IDENTIFYING GAPS IN EXISTING PROGRAMS

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GOALS AND METHODS

WORK IN PROGRESS!

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NGO PROGRAMS

Goals:

- "build back better"
- "equitable development"

Types of programs:

- Cash-for-work
- Cash grants
- Infrastructure development
- Organizational strengthening
- Advocacy
- Replacement of livelihoods-related assets destroyed by the tsunami
- Micro-credit
- Training
- Market facilitation

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NGO PROGRAMS

Initial findings indicate that livelihood recovery programs could do more for:

- Informal sector
 - Income is low and sporadic
- Women
 - Inadequate social security/pension
 - No political representation
- Youth categories:
 - Self-employed: home-based coir workers, tailors, retail shop owners
 - Employees/labor: daily-paid general labor, carpenters, masons, fishermen
 - Employers: Lime business owners, exercise book manufacturers, fishermen

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ABOUT MUHUDUPITIYA

- 616 families
- Sample: 60 households, 97 families, 161 individuals
- Economy dominated by informal sector: 75% of workforce
 - coir (29%)
 - lime (22%)
 - exercise books, sewing, carpentry, other (24%)
- 32% of households have income below SLRs. 1800/capita/month

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INFORMAL SECTOR

In Muhudupitiya:

- 75% of workforce in informal sector

In tsunami-affected provinces in Sri Lanka:

- 76.7% - 79.7% of the workforce in "informal private sector" (Central Bank, 2005)

In Sri Lanka:

- 75.5% of rural population in "informal private sector" (Central Bank, 2005)

Globally:

- Trend towards "informalization" of economy (World Bank, ILO)

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INFORMAL SECTOR

In Muhudupitiya the self-employed and employee/labour categories make up the bulk of the informal sector

They are the poorest and most vulnerable members of society

| Monthly income (Individuals) | Self-employed | Employees/Labour | Employers | Total |
|------------------------------|---------------|------------------|-----------|-------|
| Upto SLRs. 5,000 | 46% | 18% | 0% | 64% |
| SLRs. 5,001- 8,000 | 7% | 12% | 3% | 22% |
| Above SLRs. 8,000 | 3% | 0% | 11% | 14% |
| Total | 56% | 30% | 14% | |

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INFORMAL SECTOR

Women earn less than men within self-employed and employee/labour informal sectors:

| Monthly income (Individuals) | Male | Female |
|------------------------------|------|--------|
| Upto SLRs. 5,000 | 45% | 88% |
| SLRs. 5,001- 8,000 | 33% | 8% |
| Above SLRs. 8,000 | 22% | 4% |
| Total | 100% | 100% |

65% of households in self-employed and employee/labour informal sector are in debt; the private moneylender is the main provider of loans (43%)

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ANALYSIS OF PROGRAMS

“Building back better” may not be a reality for some people in the informal sector self employed and employee/labour categories:

- Previous debt is a hurdle: 49% of households with prior debt where primary income earner is self-employed or employee/labour are not interested in taking a new loan
- Most employees/labour have no assets to replace

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ANALYSIS OF PROGRAMS

“Building back better” may not be a reality for some people in the informal sector self employed and employee/labour categories (contd.):

- Requirements of programs can be a hurdle:
 - GN and other government officers' approvals
 - Business plan preparation discourages those with low education from participating:
 - 67% of informal sector self-employed and employees/labour have not completed O-levels; 31% have less than a grade 5 education

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ANALYSIS OF PROGRAMS

“Building back better” may not be a reality for some people in the informal sector self employed and employee/labour categories (contd.):

- Lack of sufficient attention to developing market linkages can mean:
 - For self-employed, asset replacement & new asset provision sometimes returns them to same or worse income position
 - Designs and quality do not always meet demands of market
 - Markets often controlled by cartels or middlemen who make the largest profit
 - Inadequate market linkage increases risks for new entrepreneurs

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GENERAL RECOMMENDATIONS

Gain understanding of the:

- magnitude and socio-economic status of informal sector employee/labour class
- income inequalities between men and women
- local and international markets for products that livelihoods recovery programs are encouraging
- prior debt situation of program beneficiaries

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SPECIFIC RECOMMENDATIONS

- Focus on value-added occupations
- Focus on facilitating market linkages:
 - Change “product push” approach to “market pull”
 - Provide training on design and quality
 - Develop and support marketing cooperatives
- Train employers and employees on workers’ rights; make support conditional on provision of basic facilities for labor
- “Organize” informal sector
- Strengthen and expand social security programs
- Do advocacy on behalf of informal sector

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THANK YOU!

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