

# **Livelihoods post tsunami: build back better? 1<sup>st</sup>-2<sup>nd</sup> December 2005 workshop organized by Institute of Policy Studies (IPS) at BMICH, Colombo**

## **Workshop report**

### **Summary**<sup>1</sup>

The workshop brought together over 70 stakeholders from local and central government, civil society, donors and the private sector working on post tsunami livelihood issues. The workshop conclusions were that:

- Livelihood recovery must focus on upgrading key sectors such as fisheries, tourism and small and medium scale entrepreneurs to achieve pro-poor growth
- At the local level, economic recovery plans must be implemented led by poor households with local government and inputs from NGOs
- To achieve national upgrading and local level economic recovery requires:
  - learning from and building upon past experience of poverty alleviation in Sri Lanka
  - placing livelihood recovery in a broader political, economic, social and economic context
  - overcoming mistrust and negative perceptions among key stakeholders
  - using improved knowledge of demand and supply of livelihood activities, and provide much greater voice for affected households
  - strengthen capacity of local government, affected households, NGOs and CBOs to plan, implement and monitor livelihood recovery programmes
  - improving the use of micro-finance as a tool for poverty reduction

### **1. Workshop background**

The workshop brought together representative of all the main stakeholders involved in livelihoods recovery from local and central government, NGOs, private sector and tsunami affected households.

The three main objectives of the workshop were to:

- understand pre-tsunami causes of poverty in tsunami affected households in order to “build back better” post tsunami

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<sup>1</sup> See [www.ips.lk](http://www.ips.lk) for more details

- link Sri Lankan researchers/ academics working on poverty reduction with NGOs and others working on restoring livelihoods
- bring together people working on livelihood recovery from across country to improve communication between those from the field and those from Colombo

The workshop was organized by the Institute of Policy Studies (IPS) with funds provided by the ILO and UNDP to cover costs including simultaneous translation. It is intended to translate and publish the workshop papers.

## **2. Livelihood Situation: livelihoods affected and current progress**

An estimated 150,000 people lost their main source of income due to the tsunami. A majority of these have now returned to some form of livelihood, but:

- incomes are generally lower than pre-tsunami
- many people were already poor pre-tsunami
- some people will fall through the cracks ie Over 20,000 people are estimated to be sick and injured after the tsunami. There are also those who are too traumatised to work or who need to care for others.

Fishing based livelihoods: Over half the affected households were linked to fishing including fish workers (ie labourers on boats of others), fishers (ie boat owners who fish on their own boats) and boat owners (ie those who own boats but do not fish). There are also those in fish processing (eg drying) and selling, as well as boat and net repair. Many boats have been replaced, but in some places there is an excess of boats potentially driving down incomes and exacerbating conflict. Some fish workers and others have gained by now receiving boats, but others who owned boats pre-tsunami have yet to receive them. In other cases the boats are inappropriate for the type of fishing and are lying unused. Some boat repairs are also substandard due to the rush and there are also continuing shortages of nets and engines.

Labourers: A large number of affected families are casual labourers working in agriculture, fishing and construction. Some are currently benefiting from the post tsunami housing construction boom with wages for unskilled labour rising to Rs 400 per day (without food). But it is not clear what will happen when the construction boom declines.

Small and medium scale enterprises and micro-entrepreneurs: Micro entrepreneurs have in some cases got back lost equipment, and skilled construction workers are benefiting from the building boom. But self employed women (eg coir, sewing, rope, weaving etc) are in some areas facing excessive production and competition driving down incomes below pre-tsunami levels. Shops in the buffer zone cannot be built and cannot access credit from existing government schemes.

Tourist related livelihoods: Many of the larger hotels have generally rebuilt and reopened – often using insurance funds and even taking the opportunity to upgrade to a higher quality hotel. However small and medium scale guesthouses were typically not insured, have been affected by the fall in tourists, restrictions from the buffer zone and difficulties accessing government credit.

Farmers: Affected farmers still face problems of saline land, but the monsoon should improve this. There is a concern that farmers have been overlooked due to the focus on fishing.

### **3. General recommendations for livelihood support**

There has been an unprecedented response to the tsunami with large sums of money from many sources available for livelihood recovery. While this money has enabled a rapid allocation of lost assets, it has also inevitably created conflict. There is a danger that while physical capital is being rapidly replaced, it is being done in ways that reduces the social capital of an area exacerbating existing tensions and rivalries. So “building back better” is a difficult concept and by no means guaranteed. Indeed some initial evidence suggests that the huge influx of aid has exacerbated tensions in many areas and is in some cases in danger of creating more harm than good. The workshop identified the following key principles to increase the likelihood of “building back better”:

#### **3.1 Learn from and build upon past experience of poverty alleviation in Sri Lanka**

Since independence the government and other stakeholders have tried various programmes to address poverty in Sri Lanka.<sup>2</sup> In what was called the “paradox of poverty reduction in Sri Lanka”, despite relatively good social indicators, still about one quarter of the total Sri Lankan population remains below the national poverty line. Existing poverty programmes need to be understood and assessed to improve post tsunami livelihood interventions, avoid repeating old mistakes and build on what works:

- Build on what works:
  - Success of female education and health care in Sri Lanka means that most women and men are literate
- Learn from what has been less successful
  - Mixed record of micro credit over the years
  - Problems with targeting in past government poverty programmes eg Samurdhi
- Link up with existing Sri Lankan research and researchers (eg from Universities etc) to use as a resource for livelihood programmes and monitoring etc

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<sup>2</sup> This section draws on the paper for the workshop by Pat Alailima

### 3.2 Place livelihood recovery in a broader political, economic, social and economic context:

In order to build back better, an improved understanding is needed of what kept people poor before the tsunami. There is also a need to understand the local situation in order for interventions not to exacerbate existing tensions and conflict. Micro interventions also need to be placed in the context of broader economic changes and other tsunami recovery challenges. Some of these issues can be addressed by at least some of the stakeholders, and it is important for all to understand the broader context to avoid interventions that are overly ambitious, unsuccessful or in the worst case make things worse than the pre-tsunami situation. One simple example is that the increase in the supply of sewing machines and in some cases boats has in some areas potentially made these activities less profitable than pre-tsunami:

- **Livelihoods cannot be seen in isolation from other post tsunami needs:** importance of shelter and getting over trauma before people can properly return to livelihoods
- **Understand local context** and issues of ethnicity, caste, class and gender, particular in the conflict affected regions. Many tsunami affected areas in the North and east have suffered two decades of conflict and it is important that tsunami relief does not exacerbate this. For example the tensions in the east that exist between different groups.
- **Understand local power relations:** In many cases, livelihood activities take place in inequitable conditions – where for example market relationships are dominated by certain powerful groups.
- **Relate livelihoods relationships to economic context** ie the labour market needs to be seen in the context of the beneficial effects of the good 2005 harvest (especially in the east), and post tsunami construction boom. The construction boom provides labour to some and in particular profits to those who supply construction materials. There is also a need to relate tsunami interventions to local, national and international markets and demand for products.
- **Understand complexity of livelihood strategies** eg fish workers, versus fishers and boat owners. Women are generally active in the Catholic fishing areas of the west coast, but much less so in the Muslim fisheries of the east coast. Too many interventions have taken a one size fits all approach overlooking some of the complexity of livelihoods in terms of different classes, seasons, geographic locations, gender etc

### 3.3 **Overcome mistrust and negative perceptions among key stakeholders**

The challenge of the post tsunami recovery is typically not lack of money overall, but too much money which can create institutional complications, rivalries and corruption. Much distrust and negative perceptions exist by the different stakeholders about other key players – international NGOs, Sri Lankan NGOs, community based organisations, civil society. This can only be overcome by trying to understand the perceptions of others and how negative perceptions can be overcome. It is important not to overly dwell on past failings – for example trying to pin point who bribed who - but to move forward by involving all stakeholders in a common learning process.<sup>3</sup>

### 3.4 **Use improved knowledge of demand and supply of livelihood activities, and provide much greater voice for affected households**

It is important to collect and use better information at local and central level. Information is needed to identify beneficiaries and what has been given, to plan and to monitor progress. Local level information is needed to develop local recovery plans and at central level to track progress across the country and allow interventions to be planned. It is vital to verify macro level livelihood recovery data with micro data – in some case the macro picture seems more positive than the ground situation suggests is warranted.

- **improve knowledge of beneficiaries needs through appropriate methods:** Problem of a “low trust transaction” with stakeholders rationally providing false information:
  - Can be overcome by Participatory rural appraisal (PRA) with people acting as witnesses for each other. But people need to be trained in proper PRA techniques (eg social mapping etc)
  - Village level committees can be used to institutionalise a more consultative approach. Such committees need to build on existing structures while being careful not to allow dominance by certain more powerful groups or individuals.
  - Techniques can be borrowed from those used by government in other circumstances (eg sworn affidavit and punishments for false information as used in issuing national ID or driver license)
  - Cross checking data with different sources through a process of “triangulation”
  - Update Department of Census data with who has received what
  
- **Place beneficiary needs in the broader context** of avoiding restoring poverty, or making it worse by a real awareness of how people can escape poverty post tsunami

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<sup>3</sup> This section draws upon the paper by Marit Haug and Chamindra Weeracokody.

- **Match and verify macro level national data with ground situation:** National level data is required, but it must be tested and verified at the local level. The data needs to be collected in a transparent and accessible way to allow this local verification to be done – and where appropriate the national level data can be adjusted and improved.
- **Improve use of information of interventions being undertaken:** There is a need for good information at the local, District and national level to ensure effective planning. One positive example is the way the Ministry of Fisheries has with FAO assistance highlighted the potential oversupply of boats in some areas, leading some NGOs to reduce their provision.
- **Create capacity and ownership within government and among others to use information:** many different databases are being set up, but there is a danger that this will be another example of supply driven hardware that does not really impact on actual decision-making. This can be mitigated by working with government officials, especially at the local level and others to really understand, own and use the data.

### **3.5 Seize once in a generation opportunity to upgrade key tsunami affected sectors**

With all the funds flowing into tsunami reconstruction, there is a need at national level to develop and implement strategies to upgrade the key affected sectors of fishing, tourism and small and medium scale enterprises. The tourism and fishing sectors have developed such strategies, but their implementation is only now beginning. There is a need to keep focused on the long term vision, without getting bogged down into ad hoc crisis responses.

### **3.6 Key stakeholders to implement joint plans for economic development of all households in tsunami affected Districts**

The tsunami response phase is now entering its third phase with regard to livelihoods and incomes. First there was emergency assistance (cash grants, cash for work etc), then replacement of lost assets and now the third phase of economic recovery. This also provides an opportunity to move from the rhetoric of coordination to actual joint planning and implementation. There have been many complaints about poor coordination in livelihoods, but the record of implementation remains mixed. There are regular livelihood meetings now starting at District and Divisional secretary level – but attendance is patchy (sometimes by government, sometimes by NGOs) and it amounts largely to information sharing. The challenge is to go further as the next phase begins to actual joint planning and implementation.

This also allows the opportunity to move beyond a narrow focus purely on the tsunami affected households to the District as a whole including other poor households. The targeting on tsunami affected households often required due to funding constraints, inevitably created conflicts with other unaffected but still poor households in the area. With the move from replacing lost assets, to training, micro-credit, entrepreneur development and provision of improved infrastructure there is a need to open them up to all the residents of tsunami affected Districts. This will not only ensure that poverty as a whole is reduced, but limit the tensions and conflicts that have developed as a result of the narrow focus on replacing lost assets in many areas.

### **3.7. Strengthen capacity of local government, affected households, NGOs and community based organizations to plan, implement and monitor livelihood recovery programmes**

Divisional secretaries are now starting to take a more active role in livelihood planning and implementation and this is likely to increase as economic recovery gets underway. There is a need to support capacity within divisional secretaries and the elected bodies such as pradeshya sabhas. Divisional Secretary offices will now be equipped with graduates and livelihood focal points.

There is also a need to support the capacity of community based organizations such as fishery cooperative societies. While these have suffered some political interference and elite capture, their main problem has been lack of activism and basic management skills in book keeping etc.

One particular area of weak capacity by NGOs and CBOs is to undertake cash for work programmes. A number of such programmes are still underway or planned – and with the shift now toward rural infrastructure (eg roads, drainage systems etc) there is concern that the lack of engineering skills will result in low quality investments.

Another area of limited capacity is the ability to manage and monitor physical and financial progress. For some of the smaller Sri Lankan NGOs in particular, the huge amount of funds and activities that they are undertaking are straining their capacity to breaking point. They simply do not currently have the management skill or experience to handle these kinds of demands, but with limited inputs these bottlenecks can be overcome.

### **3.8 Improve micro-finance as a tool for poverty reduction**

One of the abiding aspects of poverty in Sri Lanka is difficulty in accessing credit. Despite the wide penetration of micro finance, most schemes focus on providing

small loans, which help reduce vulnerability, but have mixed success in really lifting people out of poverty.

Many tsunami households were in debt before the tsunami. There is a careful balance being kept between the need to keep the repayment “culture” while being realistic about the need for low interest loans. However the key constraint seems to be less the interest rate per se, than the inability to quickly and easily access funds when they are required. The private sector chambers have been working with small and medium sized enterprises to help them access government credit schemes such as Susahana.

With some proposing a greater role for government oversight of micro-credit with some legislation under discussion, there is an ongoing debate about the value of a more regulated micro credit industry.

#### **4. Recommendations for livelihood improvements of key groups**

Gender: Many women are trapped in relatively lower paid work as compared to men. NGO programmes may be helping women generate some income based on what are traditionally seen as women’s occupations. But there is a need to assist women to break gender stereotypes and create more and new opportunities for women to generate income and improve their income situation vis-à-vis men.

Ethnicity/equality: Two thirds of the tsunami deaths and 60% of the initial displacement occurred in the north and east of the country. Attempts to restore livelihoods in the north and east must overcome not just the impacts of the tsunami, but also the legacy of the conflict. Infrastructure (roads and harbours) is less developed in the north and east, micro credit facilities and the banking sector are more limited and incomes are generally lower. A long term investment package is needed to overcome these structural inequalities.

Those unable to work (injured, sick, carers). In the focus on livelihoods, it must not be forgotten that many remain who are unable to work due to illness or have other responsibilities as carers for others. There is a need to provide social protection measures for these people.

Non –poor groups: In trying to address poverty, it is important to understand what is motivating the more powerful and wealthier groups who dominate some livelihood activities. What is their stake and what livelihood improvements will they accept and what will they resist? There is an important advocacy role to draw attention to some of these issues. For example the largest beneficiary from the low paid coir workers is the blue chip company Hayleys, who is the largest exporter of coir. While the private sector has been active in the relief

phase of livelihood restoration, there is a need to extend this by engaging corporate social responsibility in longer term livelihood recovery.

## **5. Recommendations for key livelihood sectors**

Micro entrepreneurs: Many micro- entrepreneurs – making products (eg coir, rope, carpets, reed mats, food preparation) or selling (eg small shops) , were poor before the tsunami. The challenge is to help them escape poverty. However simply widely redistributing assets (eg sewing machines, coir machines) can make things worse than before.<sup>4</sup> There is an urgent need to shift from supply side production focus to a demand led market driven approach:

- Identify and develop economic activities that are labour intensive and which cater to demand in the local market and/or can compete in the international market eg some promising examples of community based tourism have begun
- Increase value added from current low value activities – for example by providing assistance and training to improve product design quality
- Organise informal sector to develop producer organizations to negotiate with middlemen or cartels to earn a larger share of the final retail price, and other benefits (eg micro credit) and support advocacy efforts. For example, an NGO in Galle has organized street vendors into a federation to lobby authorities for a permanent place to locate their stalls and they have started a micro-credit scheme; while others have organized coir marketing cooperatives
- Link up with local and international private sector and improve market research. For example some NGOs are working with garment industry buyers to sell clothes produced by tsunami affected households.

Fisheries: The term ‘fishing community’ has limited value for addressing livelihoods.<sup>5</sup> Fishing households are highly stratified, both horizontally and vertically. The horizontal stratification refers to the type of fishing craft used, such as ‘no craft’, ‘unmechanised traditional – lagoon’, ‘unmechanised traditional – marine’, ‘traditional mechanised – marine’, ‘mechanised outboard motor (OBM)’, ‘mechanised one day boats with inboard motors (IBM)’ and ‘mechanised multi-day boats with IBM’. On the vertical axis there at least eight categories engaged in fishing including part time fishermen, part time fisherwomen, part time fishworkers, full time fishworkers, full time fishermen, full time fisherwomen, individual boat owners and commercial boat owners. There are also those engaged in local and regional wholesale trading, local retail traders and fish processors. Fishing also demands a number of ancillary support services notably

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<sup>4</sup> This section is largely based on the paper presented at the workshop by Kaml Kapadia on “Reviving livelihoods after the tsunami: identifying gaps in existing programmes”

<sup>5</sup> This section is largely based on papers presented at the workshop by Leslie Joseph, Steve Creech and two fishing representatives from Ampara District

individuals who engage in repair work and provisioning. Finally different geographical localities and cultural groups are engaged in fishing.

With such diversity, the main recommendation is to improve consultation with different fishers about their needs and act on their responses. Some of the current problems (eg inappropriate boats, oversupply of boats) have arisen due to a failure to consult fishers themselves. Past prioritization of fisher views indicated that priorities varied widely. However some common issues stand out:

- *Fishery infrastructure and fishing hardware*
  - Lack of investment for fishing infrastructure (eg harbours, ice storage) in the east and north compared to the south
  - Improve design of multi-day boats
  - Post harvest losses and lack of proper storage facilities on boats
- *Fishery management*
  - Particular restrictions related to the conflict in the north and east with restrictions on engine power
  - Incursion of foreign vessels are particularly important for the larger boat owners. This is a serious concern as contrary to some popular perceptions, Sri Lanka, along with most tropical coastlines, has a relatively unproductive fishery compared to more temperate regions where greater water mixing increases fish productivity.
  - Problems of illegal fishing gear
  - Over-fishing as a priority in the near shore south and west (in the north and east this is much less of an issue)
- *Other institutional short-comings*
  - Institutional weaknesses of fishery cooperative societies
  - Improve labour conditions for fish workers
  - Involve other more powerful stakeholders in fishery management (eg fish buyers)
  - More support by NGOs for Ministry of Fisheries attempts at regulating and managing the fishery
- *Access to non-fishing opportunities*
  - Lack of education and vocational training opportunities particularly for the youth

The Ministry of Fisheries has developed a strategic plan for the industry that will address many of these issues. But as so often there is a need for funds, and competent political, administrative and NGO groups to ensure that plans are properly implemented.