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Poverty in Sri Lanka: Who are the poor and where are they?

An analysis of poverty levels of different socio-economic groups based on the Household Income and Expenditure Survey of 2009/10 was the basis for this discussion at the recent Guest Talk hosted by the Centre for Poverty Analysis. The talk by Wimal Nanayakkara, Retired Director General of Census and Statistics and presently Senior Visiting Fellow of the Institute of Policy Studies (IPS) was based on an article written by him in the March issue of the Economic Review.

The Department of Census and Statistics in Sri Lanka, uses "Absolute Poverty" and "Cost of Basic Needs" approach to measure poverty in Sri Lanka. This method considers the ability of a household to purchase a "basket of goods" necessary to meet their food and other basic needs. The cost of the basket usually represents the income poverty line, which varies across time and regions, within a

country. Nanayakkara highlighted that while Sri Lanka has made considerable progress in reducing poverty during the last two to three decades along with achieving the Millennium Development Goal (MDG) of halving the incidence of Income Poverty at national level, well before the target year 2015, she still faces challenges related to poverty. Sri Lanka has managed to push around one million people out of poverty, between the period 2006/07 and 2009/10. However, his analysis reveals that a large proportion of them, around 800,000, are still just above the Income Poverty line, indicating that they are at risk of slipping back into poverty if faced with any shocks.

Nanayakkara presented the Multidimensional Poverty measure (MDP), which looked at three main dimensions: Health, Education and Standard of living, which is measured using ten indicators, which are considered to be deprivations.

If a household is faced with more than 30 percent of deprivations (i.e. more than 3 deprivations out of 10 on the average) at the same time, such households are considered to be in multidimensional poverty. He noted that out of households which were identified to be in multidimensional poverty, which are considered to be in acute poverty, the health dimension comes out critical, because if the head of the household was chronically ill or disabled and unable to work, it affects the entire family adversely.

Nanayakkara's analysis shows that both income poverty and multidimensional poverty are high in the Districts of Batticaloa, Jaffna and Puttalam, in 2009/10. By comparison Colombo and Gampaha show favourable figures. According to the HIES 2006/07, the Districts of Monaragala and NuwaraEliya showed the worst poverty figures for the island, even worse than the

poverty situation in Batticaloa and Jaffna in 2009/10. However, it is possible to see a significant improvement in the poverty statistics for those two areas by 2009/10, possibly because of the greater emphasis paid to those areas by the government. With the development activities taking place in the Northern and Eastern Provinces, Batticaloa and Jaffna may also show a similar improvement.

Most importantly, the presentation highlighted that there is a huge vulnerability in certain sectors and livelihoods with poverty levels still high among certain socio-economic groups, such as the households headed by Non-agricultural labourers and similar workers, and also by Agricultural and Fishery Labourers. These groups he emphasised need the targeted attention of state agencies involved in developing strategies to reduce poverty if we are to see significant improvement.