Displaced Livelihoods in Sri Lanka: An Economic Analysis

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This paper investigates how internal displacement affects the livelihoods of the displaced, using a group of IDPs currently living in Batticaloa in eastern Sri Lanka. These Tamil IDPs have come from Sampur which is located in Trincomalee, in eastern Sri Lanka. As expected, displacement has had a statistically significant negative impact on livelihoods. However, the impact varies among four categories of livelihoods identified by us: Type I Labour, Type II Labour, government service, and entrepreneurship. Type I Labourers with a ready demand in the host community and the salaried class of public servants are able to make ends meet, while entrepreneurs are rendered worse off. Type II Labourers have skills but the demand for their services in the host communities is negligible. They are therefore significantly impoverished in spite of their skills. Though public servants’ livelihoods were economically intact, our results show that displacement has had other forms of negative impacts on their livelihoods.

Keywords: Internally Displaced Persons (IDPs), livelihoods, Conflict Induced Displacement (CID), Sri Lanka, coping strategies, vulnerability

Introduction

Civil conflicts and development projects uproot and forcibly displace people within their own countries. Such internally displaced persons or IDPs (for a formal definition see Deng 1999: 484), are known to face deep and chronic impoverishment and pauperization. Cernea’s (1997) impoverishment risk and livelihood reconstruction (IRLR) model identifies eight processes which increase the risk of impoverishment among IDPs. The model, which was originally proposed for the analysis of development induced displacement (DID), was extended later to conflict induced displacement (CID) by Muggah (2000). The processes in the IRLR model emphasize how the loss of livelihoods exacerbates the impoverishment of IDPs. This paper provides what may be described as ‘primarily economic analysis’ of how people’s livelihoods are affected by displacement. It is an extremely timely issue for Sri Lanka—at the time of writing the country is struggling to come to grips
with an unprecedented number of IDPs, particularly in Vavuniya district, Northern Province.

This article identifies certain livelihoods and the function of certain assets in supporting coping strategies to survive the first year of displacement. In addition, this work broadly fits the literature on losses incurred by displaced persons, which identifies a broad cluster of losses going beyond the merely economic. For instance, there are cultural and social losses relating to access to certain services, common property resources, social capital etc. that have been measured (Cernea 1999). These ‘non-economic’ losses are critical in themselves and play an important complementary role along with economic and financial losses in impoverishing the IDPs. The non-economic issues are particularly important in medium to long term displacement. This underscores the significance of the present study focusing as it does mainly on such economic and financial losses but also on complementary non-economic losses that ensue after displacement.

Chambers and Conway (1992) define livelihoods as constituting capabilities of people, tangible and intangible assets and activities undertaken to make a living. The term ‘sustainable livelihoods’ coined by Conway of the UK Department for International Development (DFID) in the same research paper has become a key concept in present day poverty debates. Though DFID’s sustainable livelihood framework is often applied to refugee and IDP livelihoods, Jacobsen (2002: 98) argues that it is useful mainly to analyse poverty reduction in stable situations. Displaced people and refugees, in contrast, seek livelihoods in situations which are far from ‘stable’. Therefore, this paper uses Jacobsen’s (2002: 99) definition of a livelihood, which is more relevant for situations of CID:

In communities facing conflict and displacement, livelihoods comprise how people access and mobilize resources enabling them to increase their economic security, thereby reducing the vulnerability created and exacerbated by conflict, and how they pursue goals necessary for survival and possible return.

This work identifies four main sources of livelihoods—Type I Labour, Type II Labour, government service, and entrepreneurship—used by rural people. This is primarily an economic classification as it relies mainly on human capital as a source of income leading to livelihoods. However, the subsequent analysis also emphasizes how these types of human-capital-based livelihoods interact with various other livelihood assets including the non-economic assets. Korf’s (2004: 277) framework including the six-fold endowments—natural, physical, human, social, political, and financial—and their interaction with various market and non-market institutions laid the foundation for this analysis. The advantage of his framework is that it extends DFID’s sustainable livelihood framework to the conflict setting along the lines suggested by Jacobsen (2002).
The main constraint in doing microeconomic analysis in conflict affected regions is the lack of data (Korf 2004: 279; Muggah 2008: 139; Näberman and Vidanapathirana 2005: 14). For instance, Mutur divisional secretariat division (DSD), which includes the village of Sampur—the focus of this study—was not even included in the 2001 census. Mutur DSD is located in Trincomalee district in eastern Sri Lanka (see Figure 1). Mutur DSD was not included in the census because several villages within the DSD were under LTTE control at that time (Bohle and Fünfgeld 2007: 672). Thus, to our knowledge, no reliable secondary data is available for the region explored in this study after the eruption of violent conflict in 1983. Therefore, in order to perform any kind of economic analysis one has to rely on primary data. In that regard Bohle and Fünfgeld highlight another problem peculiar to the conflict environment: the ‘need for protecting the security of research participants.’ This is because Batticaloa district, where the fieldwork for this study was done, at the time of collecting data was a highly volatile and a dangerous location which raised particular methodological issues that are discussed later. By overcoming the data collection challenges, our work has led to a significant improvement in the quality of data used. In addition to the level of quantitative rigour achieved here, the results have also been validated through narratives and other qualitative information. Korf (2006a) highlights the importance of maintaining a consistent link between statistical analysis and qualitative or narrative analysis.

Four other features make this study unique within the literature on the conflict in Sri Lanka in particular and within the discipline of refugee studies in general. Firstly, no previous study has been able to quantify the livelihood

Figure 1
Map of Sampur

![Map of Sampur](image)

Key: The perforated boundaries of the map identify the divisional secretariat divisions (DSD). The shaded area in the main map is the HSZ as per Extraordinary Gazette (No: 1573/19 dated 30/10/2008). The shaded area in the inset country map identifies Trincomalee district.
impacts of CID. This is due mainly to the lack of data. Secondly, only a few studies (e.g. Amirthalingam and Lakshman 2009a, 2009b, forthcoming) focus on the economic impact of CID. It is alleged that economists have contributed far less to displacement literature even though their contribution is highly sought after (Cernea 1995, 2007). Though Cernea’s concern is primarily in relation to development induced displacement (DID), paucity of economic analysis and interpretation is also felt in relation to CID. Thirdly, the richness of our data enables us to examine livelihood impacts under various livelihood types. Using Korf’s (2004: 277) framework we show that the four types of livelihoods are impacted differently by displacement. This exercise has revealed that different types of livelihoods, which emphasize different endowments as per Korf (2004), have weathered displacement differently. For instance, the livelihoods of certain individuals that rely more on physical assets would have been affected worse by displacement than livelihoods of other individuals that emphasize human assets. Researchers have not been able to quantify such differences until now. Fourthly, this work and the approach used provide a means of operationalizing some of the ideas proposed in the Guiding Principles by Deng (2000). For instance Principle 22.1.b acknowledges that IDPs have ‘the right to seek freely opportunities for employment and to participate in economic activities.’ However, the present work shows that this right is meaningless unless the IDPs are given free access to their entire livelihood generating assets.

The rest of the paper is organized as follows. The next section outlines the Sri Lankan experiences of internal displacement and enumerates the critical events that mark the process of displacement of the people of Sampur. This is followed by an examination of livelihoods in pre-displacement Sampur. The fourth section is on the data and methodology, followed by a section where we propose a livelihoods typology that is more amenable for the CID setting. Then we present four case studies of households from the main sample and identify the salient features that underlie their livelihood losses. This work is extended in the penultimate sections which perform a cross sectional analysis of the complete sample. Finally, we provide some concluding remarks.

Displacement of People in Sampur, Sri Lanka

From 1956 onwards Sri Lanka experienced several incidents of ethnic violence. The worst of these came in 1983 and resulted in the deaths of nearly a thousand civilians of minority Tamil origin. After 1983 the ethnic violence escalated into a civil war waged between the Government of Sri Lanka (GOSL) and the Liberation Tigers of Tamil Eelam (LTTE) which ended in May 2009 with the GOSL declaring victory over the LTTE.

The violence in 1983 made a large number of Tamils flee the country, marking the beginning of a protracted refugee/IDP problem which is a hallmark of the conflict. The flow of refugees, bound mainly for India,
Western Europe, Canada, Australia and New Zealand, though varying at times, continues unabated at the time of writing. The conflict in Sri Lanka has also produced IDPs, whose livelihoods are the focus of this paper. The expulsion of nearly 75,000 Muslims from Northern Province (mainly from Jaffna and Mannar districts) by the LTTE in 1990 is generally considered the origin of the IDP problem in Sri Lanka. IDP numbers in Sri Lanka vary widely, depending on the source of information and the period for which the estimation is made. The number is also sensitive to the intensity of the conflict (see van Brabant 1998).

With the recent intensification of violent conflict in Vanni, Northern Province, leading up to the GOSL victory, the issue of IDPs has come to the fore in a forceful manner. Ironically a process of resettlement and relocation of IDPs is also going on—sometimes in the same regions that are generating IDPs. For instance, UNHCR (2007) reports that 99,265 IDP households returned to their homes during 2002–2004. This was the period when the Norwegian brokered ceasefire agreement between the government and the LTTE was being honoured by both signatories. During this period new displacements were minimal (UNHCR 2007). In 2006, the IDP situation was more complex: while some IDPs were returning, large numbers of fresh displacements were taking place elsewhere in the country (UNHCR 2007).

The end of the war is a strong indication that fresh conflict-related displacements may be a thing of the past. However, the IDPs from the last battles waged in Vanni, Northern Province, numbering nearly 300,000, overwhelmed the humanitarian support systems when they became the GOSL’s responsibility virtually overnight. Until then these IDPs were under the charge of the LTTE. Concurrently in the Eastern Province as well as to a limited extent in the Northern Province resettlement/relocation programmes for the IDPs are ongoing. Besides the issue of IDP numbers, other factors have also become important in the Sri Lankan context, such as whether the returnees are returning voluntarily and when an IDP ceases to be one (Brun 2003). These issues, however, are beyond the scope of this paper.

People from Sampur were displaced on 26 April 2006. Amirthalingam and Lakshman (2009a, 2009b, 2009c, forthcoming) provide detailed discussions about the process and phases of this displacement and how the IDPs came to be sheltered in welfare centres in Batticaloa. In the bid to save their lives, these IDPs had to leave behind their livelihood assets. Agricultural equipment, fishing gear and boats, livestock, etc. were left behind in Sampur. Then in Paddalipuram, in Punnaiyadi, in Verukal, in Kathiraveli, and in Vakarai—all of which were ‘transit’ villages along their escape route—the IDPs left behind other more mobile and more portable assets and fled when the fighting intensified and caught up with them. At these points they lost bullock-carts, bullocks, bicycles, motor-bikes, hand-tractors, tractors, and the goods they were carrying in these vehicles. In the final phase of their displacement, as they had to take routes via jungle or sea to Batticaloa, they arrived in
their destination with mere *pottanis*² of the most portable and valuable of their assets.

The IDPs who arrived in *ad hoc* groups in Batticaloa were allocated by government officials to the various welfare centres in what could best be described as a random manner. The first of these groups arrived in Batticaloa on 24 August 2006, after nearly four months of being on the move. For instance, Sampur people could be found in various camps intermingled with IDPs from other villages in the Mutur DS division. The fourth section explains how this randomness was used to benefit the research. At the time of writing these IDPs are still not allowed to return to their village because it is within a High Security Zone (HSZ). The Extraordinary Gazette No. 1499/25 dated 30 May 2007, declared the entire Mutur East covering 19 Grama Sevaka (GS) divisions³ as an HSZ. Later on another Extraordinary Gazette (No: 1573/19) dated 30 October 2008, reduced the area covered by this HSZ as demarcated in Figure 1. As per the figure, the village of Sampur is still located within the HSZ. Some of the IDPs who were originally displaced from the GS divisions of Pallikudiyirruppu, Nalloor, Paddalipuram, Kaddaiparichhan South, Kaddaiparichchan North, and Chenaiyoor who were living in Batticaloa as IDPs have already been resettled in their villages. However, others including all of the Sampur IDPs, are in welfare camps at the time of writing.⁴

**Livelihoods of Sampur People**

As described above, the economy of Sri Lanka was affected by the ongoing conflict over the last two and a half decades. This effect was felt differently in different regions of the country. The economy of the northern and eastern part of the country was the most affected (Abeyratne 2004; Abeyratne and Lakshman 2005; Amirthalingam and Lakshman 2009b; Korf 2004, 2006b; Korf and Fünfgeld 2006; Närman and Vidanapathirana 2005). Within regions also the conflict has had varying degrees of economic impacts. For instance, while Trincomalee district, in general, was one of those severely affected, even within that district, the economic impact varied widely from area to area. Since Sampur was under the LTTE control for a long period—punctuated by a couple of short periods of government control—it experienced a more severe economic impact than neighbouring government-controlled Mutur.

The above means that all livelihoods of the Sampur people were functioning below potential at the time of their displacement. Most important among these were the livelihoods in paddy cultivation and fishing. Paddy cultivation, being a heavy user of urea as the most important fertilizer, was severely affected by the restriction of supply of urea in the region (because it was considered a potential ingredient for improvised explosive devices). Discussions with the IDPs revealed that the average yield of paddy in Sampur was significantly below potential. The general picture
with regard to agriculture in northern and eastern Sri Lanka is examined by Korf (2004: 283) and also by Abeyratne and Lakshman (2005). Fishing, which is a major livelihood in northern and eastern regions, has also been severely affected by the conflict. Siluvaithasan and Stokke (2006) discuss in detail how deep-sea fishing bans, other restrictions, and life threats to fishermen (all by-products of the conflict) have curtailed the output of what used to be a vibrant industry.

While the Jaffna District alone provided 20–25 percent of the total fish production in Sri Lanka before 1983, its contribution was reduced to 3–5 percent by the end of the third Eelam war (Siluvaithasan and Stokke 2006: 240) Korf (2006b) and Korf and Funfgeld (2006) on the other hand refer to livelihood difficulties encountered by fisher folk in the east. This evidence, though not for Sampur, suggests that fisheries-based livelihood activities in Sampur too would have been functioning below potential after the eruption of violent conflict in 1983. Though we cannot provide quantitative data in support of this assertion, the interviews with key informants strongly support it.

In addition to paddy cultivation and fishing, there were many other livelihoods that were useful income providers in pre-displacement Sampur. Dry land agriculture—e.g. growing of banana, chili, and onions—was one such. A limited number of farmers also engaged in chena (shifting) cultivation. Cattle and buffalo raisers in Sampur earned significant income from selling milk as well as calves. Chickens and goats also generated income though less than that of cattle and buffalo. Ownership of bullock carts was another important source of income. Bullock carts were used for transporting paddy bags from the field, coral reef to the lime-kiln, paddy, lime, and also firewood to Mutur town, and the bullocks were used to plough paddy fields and dry lands.

All the above livelihoods were based on some form of asset—paddy land, dry land, livestock, bullock carts, etc. However, even without owning such assets, these people could use their labour endowments to earn income. They worked as casual labourers in paddy fields, dry lands, lime-kilns and in fishing activities. Higher forms of human capital possessed by masons and carpenters in Sampur earned more than these casual labourers. Another important livelihood based on human capital was government service, mainly service as schoolteachers in the two government schools in Sampur. It must be highlighted that all these forms of livelihoods, without exception, were functioning below potential well before their displacement because of the prevailing conflict.

Data and Methodology

The data for this work were obtained by interviewing a group of households randomly selected from the village of Sampur, who at the time of interview were housed in welfare centres in Batticaloa. A structured questionnaire was also administered to collect specific quantitative data. Interviews with GS
officers and NGO officials who work in this area were also important sources of information. Where relevant, we used such institutional information to triangulate the information furnished by the IDPs. Field visits and observation methods were also used over a four-week period in August 2007 as well as in April 2008.\textsuperscript{5} Only one research team consisting of three members was used and the team was headed by the first author who is able to work in the Tamil language.

People from 19 GS divisions in Mutil DS division in Trincomalee district were displaced in April 2006. Our study, however, covers only the two GS divisions that constitute the village of Sampur. A total of 736 households—2,934 people—lived in Sampur according to the District Secretariat Trincomalee (2006). In our sample there are 76 households incorporating a total of 311 individuals. The sample thus includes 10 per cent of the households and individuals from the general population.

As mentioned above, the Sampur IDPs who arrived in Batticaloa were sent to the various welfare centres randomly, so that any household from the village had an equal chance of being allocated to any given centre. This ensured that all Sampur IDPs in a given welfare centre in Batticaloa would constitute a random sample of households from the village of Sampur. This randomness, we feel, was instrumental in the sample having properties similar to the population. We also included some IDP households currently living in and around Batticaloa town but living either in rented houses or with relatives. We interviewed all except non-Sampur households in these locations. Note that the financial situation and livelihoods (as well as other facets) of IDP life are in a state of constant change and that our results are correct as of April, 2008.\textsuperscript{6}

This research situated in a conflict environment, raised security issues that required a dynamic methodology which could adapt to conditions in the field. The security concerns arose from the presence of various armed groups in the area. This led us to avoid IDP camps situated in extremely volatile and isolated areas. Another risk-minimizing strategy was to divide our data collection period into two so that more volatile time periods could be avoided. This way, camps that could not be accessed in the first period for security reasons could be accessed in the second if the conditions improved. Another strength in our methodology was that we were able to maintain a proper balance of insider and outsider researchers with Tamil language skills, some exposure to firsthand displacement experience and regional navigational knowledge (both Sampur and Batticaloa). This research team therefore had a natural capacity to predict likely ethical issues and security risks faced by the research participants (see Goodhand 2000).

Livelihood Activities: A Typology

Based on the sustainable livelihood discussion (DFID 1999) as well as its extension to conflict settings (Korf 2004), we have developed a consistent
typology of livelihood strategies to suit the displacement experience of the people of Sampur. DFID (1999) explains that:

People’s livelihoods and the wider availability of assets are fundamentally affected by critical trends as well as by shocks and seasonality—over which they have limited or no control.

These shocks are identified in the DFID framework as vulnerabilities, and conflict is one such vulnerability which in its extreme—short of death and injury—could lead to CID. All forms of vulnerabilities, as would also CID, impact livelihoods of various people differently. The framework and its extension by Korf (2004) associate these differences with the distribution of various asset endowments, which varies widely across households. In this paper we identify and assess the impact of CID on various livelihood asset endowments.

A typology of livelihood activities for the people of Sampur forms the basis of the present work. The typology used here is based on livelihood activities derived from human capital assets: Type I Labour, Type II Labour, government service, and entrepreneurship. While this typology is human capital based, we draw upon the interaction between human capital and the rest of the six-fold capital assets in shoring up livelihood outcomes (Korf 2004). In addition we also look into the functions of institutions in the accessibility of these livelihood assets.

Type I Labour consists of households whose main income is from masonry and carpentry. What is unique about these livelihood activities is that they rely mainly on labour endowments which have a ready demand in Batticaloa town. The presence of markets highlights the significance of institutions in producing favourable livelihood outcomes (DFID 1999; Korf 2004). In fact we believe this to be even more important than the Type I skills. For instance if Type I labourers were displaced to a rural setting there would not be as much demand for them as in the urban setting of Batticaloa town. Moreover there are other livelihoods in Sampur related to skilled labour that are simply ineffective in generating incomes in displaced settings (see the description of Type II labour). In contrast Type I Labour is special as even after displacement these activities continue to generate limited incomes. The empirical sections of this paper will examine how this is possible. Of particular importance are the interactions between various livelihood assets during displacement. For instance, back in Sampur the carpenters had their own workshop (physical assets) that yielded a higher income than in Batticaloa, where they merely work in a workshop owned by a Batticaloa carpenter cum entrepreneur. This form of income is also highly dependent on a network of customers and also information channels (social assets). For instance all the people of Sampur know the village carpenters and trust their work. Much of our work will constantly appeal to such links between the six-fold assets even though the typology is primarily based on human assets.
Type II Labour also consists of livelihoods based on labour. For example households which, before displacement, relied on work related to agriculture, fisheries, stone breaking, brick making, etc. were included in this category. Type II refers only to labour related livelihoods of people engaged in this kind of work. Households whose livelihood activities relate to ownership of agricultural land, fishing boats and \textit{wadis}\footnote{Wadi is a term used in Sri Lanka for a shallow, temporary watercourse.} were not included in this category (see the description for entrepreneurs). Type II Labour, in contrast to Type I, has experienced a much more challenging environment in Batticaloa. IDPs in this category have struggled to earn incomes from their former livelihoods. For example, the distance between IDP camps in Batticaloa town and the nearest paddy fields and also the sea restricts farmers and fishermen from engaging in their former livelihoods. According to Korf (2004) the problem here is access to natural assets. The loss of networks (social assets) as well as concern for personal security also discourages people in this category from seeking jobs in unknown and far away locations. Type II people seem to have responded to this situation by engaging in low wage manual work in place of the kind of work they did in Sampur. This has arguably reduced their economic and social status.

The next category consists of civil servants. The majority of these are schoolteachers; in addition there are two librarians. The nature of government sector employment is such that employees can continue to work even in displacement. Government teachers’ work, though interrupted during the period of transit, recommenced on arrival in Batticaloa. We argue that this is due mainly to an institutional set up which is somewhat resilient to displacement. Even during interruption of work, however, their salaries continued to be paid. This distinguishes these livelihoods from Labour Types I and II.

The final category of households derives livelihood from entrepreneurship. Most households in our entrepreneur category are in fact asset holders. However, complete reliance on assets for livelihoods in conflict environments is extremely risky. Moreover, no insurance facilities were available in Sampur or even in Mutur town, to cover or mitigate these risks. Thus the circumstances peculiar to conflict regions such as Sampur, render relying on incomes from asset ownership extremely risky. This risk taking behaviour justifies the use of the label ‘entrepreneur’ to describe this category. With the loss of physical assets after displacement these livelihoods ceased to exist. As a result these IDPs, representing the highest income decile back in Sampur in terms of social and economic status, have struggled to cope with the livelihood impact of displacement.

The entrepreneurs in our sample stand out from the other livelihood categories because of the above vulnerability. Wisner \textit{et al.} (2003: 12) argue that loss of livelihood assets, through its effect on future livelihoods, leaves the affected with lasting vulnerability. An important feature that feeds this vulnerability is the fact that these entrepreneurs sought to rely less on financial assets before displacement. While there were no banks in Sampur, the nearest banks in Mutur were also not used for savings purposes by the people in
our sample. This is primarily due to the conflict which makes the accumulation of financial assets more risky as they may be subject to pillage. Converting financial assets into either physical (bullock cart, fishing and agricultural equipment) or natural assets (paddy fields, dry land, livestock etc.) has been a useful coping mechanism favoured by the people of Sampur. Unfortunately, physical and natural assets are more vulnerable to displacement, for more or less the same reason that they are less vulnerable to pillage. Going by their life experiences pillage was a more real threat to them than CID—this is the first time the people of Sampur have been displaced in the 26 years of conflict.

Impact of Displacement on Different Livelihoods: Case Studies

This section, using a panel of case studies, discusses the current financial situation of some of the households in our sample. This approach, motivated by Muggah (2000), lays the groundwork for the cross sectional analysis which follows. For instance, it enables us to identify some of the relations we formalize later. Also the various hypotheses tested in this paper were mooted and developed using the case studies. The case studies are also important to emphasize the human tragedy behind the numbers (statistics) we have compiled. In what follows we select a stratified sample of four households out of the main sample of 76 representing the livelihood types described earlier. Table 1 summarizes livelihood information pertaining to four households selected from these livelihood categories. The table reports annualized incomes from various livelihoods in Sri Lankan rupees (US$1 = Rs.114).

Household 31 had several livelihoods before displacement. However, their main livelihood was masonry work undertaken by the husband. In addition, he cultivated paddy and banana on his land. This, as well as the confectionery business run by his mother-in-law, added to the income of Household 31. The main livelihood (masonry), however, yielded them more income than the ancillary livelihoods (Rs.288,000 per annum vs. Rs.86,400 per annum). After displacement they lost their agricultural income as well as the confectionery business. As IDPs they rely entirely on any masonry work the household head obtains plus food and other relief received. This has reduced their earned income to just 38 per cent of what it was in Sampur. However, in conjunction with the relief and financial assets, whatever they earn has kept the household above the official poverty line (OPL). The financial assets used by Household 31 include cash at displacement (Rs.2,000), and debt (Rs.5,000).

Here we observe that Type I Labour is special because it has continued to generate income even after displacement, in contrast to other human capital assets that have failed to do so (see the discussion regarding Household 9). The main reasons for this may be twofold: first, the physical capital assets required to establish Type I livelihoods are minimal. For example the less mechanized form of masonry undertaken by small time masons needs only rudimentary tools. Second, even if a mason loses these due to displacement,
<table>
<thead>
<tr>
<th>Household No.</th>
<th>Household Members</th>
<th>Category</th>
<th>Work Related Livelihoods Before Displacement</th>
<th>Work Related Livelihoods After Displacement</th>
<th>Place of Residence</th>
<th>Previous Income (1)</th>
<th>Main livelihood</th>
<th>Ancillary livelihood</th>
<th>Current Income (2)</th>
<th>Relief</th>
<th>Labour (3)</th>
<th>Saved Income (4)</th>
<th>Total Income as IDPs (2) + (4) = (5)</th>
<th>OPL (6)</th>
<th>(3)/(1)*100</th>
<th>(4)/(1)*100</th>
<th>(5)/(6)*100</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>4</td>
<td>Labour-Type I</td>
<td>Mainly masonry (husband). Other income includes confectionery business and agricultural income.</td>
<td>Masonry (10 days/month at Rs.1200/day)</td>
<td>Kalliyankadu Camp</td>
<td>374400</td>
<td>288000</td>
<td>86400</td>
<td>161424</td>
<td>17424</td>
<td>144000</td>
<td>7000</td>
<td>168424</td>
<td>99168</td>
<td>38%</td>
<td>2%</td>
<td>170%</td>
</tr>
<tr>
<td>9</td>
<td>4</td>
<td>Labour-Type II</td>
<td>Mainly agricultural labour. Other income includes minor income from crops in the garden.</td>
<td>Casual labour (3 days/month at Rs.500/day)</td>
<td>Kalliyankau Camp</td>
<td>73200</td>
<td>42000</td>
<td>31200</td>
<td>35424</td>
<td>17424</td>
<td>18000</td>
<td>60000</td>
<td>95424</td>
<td>99168</td>
<td>25%</td>
<td>82%</td>
<td>96%</td>
</tr>
<tr>
<td>66</td>
<td>4</td>
<td>Civil servant</td>
<td>Mainly from teaching. Other income from paddy, and dry land.</td>
<td>None.</td>
<td>Sinhala Maha Vidyalaya</td>
<td>193000</td>
<td>138000</td>
<td>55000</td>
<td>202800</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>362800</td>
<td>99168</td>
<td>105%</td>
<td>83%</td>
<td>366%</td>
</tr>
<tr>
<td>8</td>
<td>4</td>
<td>Entrepreneur</td>
<td>All income is physical and natural asset based. Includes income from paddy field, dry land, fishing and cattle raising. Wife used to sew.</td>
<td>Teaching in government school in Batticalaoa</td>
<td>Navatkeni</td>
<td>349500</td>
<td>349500</td>
<td>0</td>
<td>0</td>
<td>17424</td>
<td>0</td>
<td>75000</td>
<td>92424</td>
<td>99168</td>
<td>0%</td>
<td>21%</td>
<td>93%</td>
</tr>
</tbody>
</table>

Values in Sri Lankan Rupees (US$1 = Rs.114).
with only a little amount of capital they can be replaced. Even if this is not possible after the impoverishing experience of displacement, relief organizations can easily provide these tools.

The physical capital and human capital endowments represent supply side requirements for livelihoods, which are not sufficient to actually generate the livelihoods. The demand side factors are also critical in this equation. Type I Labour is in demand in the township of Batticaloa. The prevalence of conditions conducive to finding limited paid work in Batticaloa means that displacement can have only a temporary effect on the livelihood generating ability of Type I Labour. However, the amount of income earned by these workers will be under par for a considerable time as they have no reputation and networks in the host community (social capital), as they lack financial capital (saved income, debt, etc.) with which they could kick start their livelihoods at the level of an entrepreneur, and as they command no political capital. On the latter point, Korf (2004) shows that conflict affected Tamil communities have no reliable political capital sources to support their livelihoods.

Household 9, our second case study, also had ancillary livelihoods in addition to the main livelihood. The main livelihood was agricultural labour, that is, working in paddy fields and dry farmlands belonging to others. Before displacement agricultural labour earned Household 9 Rs.42,000 per annum while ancillary incomes amounted to Rs.31,200 per annum. After displacement the father of the household did find paid work (3 days a month on average), but this was not agriculture related. This distinguishes Type II Labour from Type I; the former has proved unable to generate livelihoods after displacement. The primary reason for this can be traced to demand side effects—there is no demand for Type II Labour in the township of Batticaloa as there are very few paddy fields in its vicinity. A less important issue may be that obtaining work in paddy fields involves networks, which are not available for the IDPs particularly in the short run. Lack of income from their main livelihood in the IDP setting meant that Household 9 had fallen below the poverty line in spite of having had a large amount of cash in hand at the time of displacement (Rs.60,000). Were it not for that, the extent of impoverishment of Household 9 after displacement would have been even greater. Its post-displacement income was only 25 per cent of its pre-displacement income.

The third case study in Table 1 is Household 66, whose main livelihood is government service. The father of the household was, before displacement, an agriculture-trained teacher attached to Sampur Maha Vidyalayam School, Sampur. He also owned five acres of paddy land, one acre of dry land, and a poultry farm. Income from these ancillary sources was lower than that from the main livelihood, teaching. Displacement made him lose all his ancillary income based on assets. However, he continues to be a government teacher even after being displaced. This has been possible because of a mechanism called ‘attachment’, which is described below.
After their establishment in 1987, provincial councils were given the power to appoint and transfer teachers within provincial schools. Under special personal circumstances, a teacher appointed to a provincial school can request attachment to a school in a different location, for a short period. If the request is granted, the teacher will report and work at the attached school. However, his/her salary will have to be collected from the original school. This mechanism has, by now, evolved as an effective strategy to cope with CID. For example in the village of Sampur there were two schools, both of which have ceased to function now. The teachers and students of these schools are displaced and many of these are in Batticaloa at the time of writing. Batticaloa and Sampur are in the same Eastern provincial council area. Therefore the displaced teachers have been able to get attachment in Batticaloa schools. It must be noted that the procedure of getting attachment has been relatively easy and quick, compared to the regular transfer process.

Coming back to the case of Household 66, Table 1 reports that government teaching work has continued even after displacement. In fact, the additional allowances given to government staff island-wide, during this period, have meant that the earned income of Household 66 has increased after displacement. As a result the household has been able to be well above the OPL.

The final case, Household 8, was a family of rich entrepreneurs in Sampur, dependent completely on assets for income. When displacement deprived them of all their assets their income dropped catastrophically. To aggravate things further, in spite of their wealth, the household did not have any cash at displacement due to a wedding in the family. We have already discussed the lack of banking practices among the wealthy in Sampur. However, a sum of Rs.75,000 raised partly from the mortgage of gold jewelry and partly by borrowing from relatives was available to them for use during displacement. Even with all these resources, the household is still below the OPL. From a livelihood point of view it is critically important that the household has not been able to earn any income after displacement. The household head has not been able to make up his mind to reduce his social status by seeking casual work, which is probably the only option at his disposal to increase the family income. In addition to the social aspect there is also the fact that he is not familiar with that kind of manual work—all his working life he has been an entrepreneur.

Impact of Displacement on Livelihoods: A Cross-sectional Analysis

Figure 2 provides a comparison of frequency distributions of pre-displacement and post-displacement income of households in our sample. Instead of the annual household income which we have been reporting and working with so far, in this diagram we report annual per capita income of the households, obtained by dividing annual household income by the number of household members. The pre-displacement frequency distribution
in Panel 1 indicates that the pre-displacement per capita income of people in Sampur ranged from Rs.10,000 to Rs.395,000. For the pre-displacement case other statistics which define the distribution include mean = 136515, median = 87033, SD = 120578, skewness = 1.418, SD of skewness = 0.277. It must be remembered that this income information is from an area which is most certainly underperforming due to conflict.

Figure 3 builds a profile of livelihoods among Sampur people. The pre-displacement profile given in the figure shows that entrepreneur households on average have been earning more than other livelihood categories. There is, however, a huge variation in income within the entrepreneur category. Civil servants earn the next highest average income from among the four categories. This can be partly attributed to multiple livelihoods undertaken by some of these civil servants. Types I and II Labour also engaged in ancillary livelihoods before displacement. The figure also indicates that in pre-displacement Sampur Type I Labour earned more than Type II Labour. Clearly a premium was being paid for the higher value human capital endowments of Type I Labour over the wages of Type II Labour.
This section also analyses the complete sample of 76 households to identify the livelihood impacts of displacement. The assertions made in the previous section on case studies can be corroborated or refuted using the complete sample. Cross sectional data analysis methods are employed for this purpose. The analysis revealed that pre- and post-displacement patterns of livelihood have been, in most cases, significantly affected by displacement. In addition, it shows that the impact varies across different categories of livelihoods.

Panel 2 of Figure 2 provides a frequency plot of per capita income after displacement for the whole sample. It paints a picture of devastating loss of income after displacement. The distribution of income has changed in two ways after displacement: (1) both mean and median have declined by massive proportions, and (2) the standard deviation of the distribution has also declined. Per capita GDP representing what we argue to be the normal or the potential level of income for households in Sri Lanka, is 464 per cent larger than the average of Sampur incomes after displacement.

In addition to the pre-displacement livelihood profile, Figure 3 also provides a snapshot of the post-displacement plight of these IDPs. Average incomes of all categories, without exception, have declined after displacement. The most pronounced of these declines is witnessed for the entrepreneur category. It must be borne in mind that this categorization is based on pre-displacement livelihood and that the households in this category by no means can be categorized as entrepreneurs on the basis of their

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**Figure 3**

**Mean Per Capita Income (as well as 95% error bars) of Different Categories of Livelihoods**

<table>
<thead>
<tr>
<th>Type I Labour</th>
<th>Type II Labour</th>
<th>Government Servant</th>
<th>Entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>169,123</td>
<td>198,239</td>
<td>63,552</td>
<td>250,903</td>
</tr>
</tbody>
</table>

Source: Interviews from IDP camps in Batticaloa.

The perforated error bars indicate pre-displacement income levels and the solid error bars indicate post-displacement income levels. The mean incomes for each category are stated in the diagram (US$1=Rs.114).
post-displacement endowment. As in the case of Household 8 there seems to be a catastrophic loss of physical assets causing sharp declines in income among the households of this category. However, the post-displacement information presented in Figure 3 includes previously saved income and relief as defined by Amirthalingam and Lakshman (forthcoming). Without these added resources the entrepreneurs’ plight would have been even graver.

The variance of all categories of labour, according to Figure 3, has also declined after displacement. This can be attributed to a process of homogenizing of income within categories of income. For example civil servants and Type I labourers, after displacement, had relied on their main livelihood for earned income. Their ancillary livelihoods in Sampur were not available to them in Batticaloa. In addition all except civil servants who were displaced received food and non-food aid. The food aid, we noted, was uniformly distributed among the recipients. The IDPs involved in Type II labour could not find consistent work and had to rely mostly on food and non-food aid. A few ‘lucky’ ones did manage to get a few days of manual work per month which only marginally changed their circumstances. The entrepreneur category also experienced the homogenizing effect of displacement.

The above homogenizing effect can be seen in the overall sample too. Figure 4 examines the impact of displacement on the income distribution of the complete sample using pre-displacement and post-displacement Lorenz curves. It is clear that income inequality has declined as a result of displacement. Generally, in country settings, decline of inequality happens as a result of the improvement of the stock of poorer strata. However, in our

**Figure 4**

*Pre-displacement and Post-displacement Inequality of Per Capita Income Distribution amongst IDP Households from Sampur*

The Lorenz curve with solid box markers (■) denotes pre-displacement income inequality while the one without markers denotes post displacement income inequality. The corresponding Gini coefficients are 0.49 and 0.36 respectively. Line of equality is given by the perforated line.
sample the decline has happened in the face of conflictual pressure leading to loss of livelihoods. The explanation is that the entrepreneurs—the top income earners in pre-displacement Sampur—have experienced losses that far exceed the losses of other livelihood categories, which led to the reduction of inequality. Figure 3 shows that entrepreneurs have lost their top position after displacement and are now in the third position, after civil servants and Type I Labour.

Figure 5 provides a breakdown of the various components of post-displacement livelihood which is useful in constructing the story of how the ranks of livelihood categories changed after displacement. It is clear that the livelihood categories which are doing relatively well—civil servants, and Type I labourers—rely on earned incomes more than the others. Saved income—cash at displacement, jewelry sales, jewelry mortgage, and help from relatives and friends—is also critical in this equation. Figure 5 can also be considered cross sectional proof of impoverishment of Type II labourers and entrepreneurs: for these two categories the saved component is significantly higher than either the earned component or the relief component. This is a sign of impoverishment because the saved component is clearly not going to generate income in future.

IDPs that have Type I and Type II Labour endowments before displacement have not been affected as badly as the entrepreneurs, though they witnessed a decline in their incomes after displacement. We believe that this
is because the main livelihood endowment of these categories—human capital—is mobile. It was argued earlier that for Type II Labour to be able to generate maximum livelihood income, it has to be accompanied by complementary assets or common property such as paddy fields and sea. In elaborating the case of Household 9 we discussed the difficulties faced by agricultural labourers in displacement. A similar situation prevails with respect to workers in the fisheries sector.

The sea is quite far from most of the IDP camps in Batticaloa. In the prevailing security situation the Type II fisheries sector labourers are not prepared to travel that far in search of work. Then there are two camps—Kurukkaladam and Palameenmadu—located in close proximity to the sea. These camps have accommodated fisher folk from Sampur. However, Kurukkaladam is traditionally a village of Vellalar caste which will not normally engage in fishing. In view of this strong social restriction the IDPs in this village, even if they have the skill and the human capital, cannot engage in fishing. In Palameenmadu the problem is entirely different. In that village the fishing technique is different to what Sampur fishermen are familiar with. In addition to the demand problem, these practical reasons also explain why Type II Labour is not generating livelihoods for the IDPs in Batticaloa.

On the basis of Figure 3, incomes of civil servants are the least affected by displacement out of the four categories. The reasons for this situation were explained in detail while discussing the case of Household 66. Reasons such as attachment also explain why civil servants’ income has been resilient in the face of displacement. However, this does not mean that they have been able to escape from the impoverishment that set in after displacement. Figure 3 does not say anything about the expenses that are incurred by IDPs. Though the income of the civil servant IDPs has not declined as much as that of other IDPs, there is anecdotal evidence that their expenses have soared.

For instance after displacement and after arriving in Batticaloa some of the teachers sought to rent houses. Though the availability of income for renting was a key determinant, we believe that the desire to maintain the social status of a ‘civil servant’ also played a part in this decision. Neither of these factors applied to other IDPs. Some of these households have started to buy furniture, electric appliances and other durable household items, which is putting an extra financial burden on the displaced civil servants. This is not to say that other IDPs do not have such expenditure needs. They are restrained by their meagre financial resources. Apart from the lack of finance, the camps do not have enough room for them to keep furniture, or electricity supply for electrical equipment. In addition, if such durables were purchased they would have to transport them using private transportation to future resettlement/relocation sites. This would be very expensive compared to the free transportation services arranged by the government which will not have room to transport these durables. Civil servants, backed by a steady flow of income even in displacement, do not have any of these constraints.
In addition many of the civil servants in the sample need to pay back various loans that they obtained before displacement. For example many had taken ‘distress loans’ to build or renovate their houses or to invest in livelihood activities. Though the assets they invested in have disappeared with displacement, these people still have to repay the loan with interest, which is also a considerable amount of their monthly expenditure (see Amirthalingam and Lakshman (forthcoming) for a discussion of the asymmetric impact of displacement on assets and liabilities).

**Conclusion**

This study has been able to uncover and, more importantly, provide an economic quantification of the increased impoverishment risk that set in with the loss of livelihoods due to displacement. However, the evidence presented here shows that people forcibly displaced as a result of conflict are not static victims. Rather, IDPs from Sampur have demonstrated the initiative to work within the limitations imposed by massive loss of assets following displacement, to muster up livelihoods. The study exposes various coping strategies adopted, sometimes adapted, by IDPs to survive. This paper in particular focused on human capital asset based livelihood strategies that are used by IDPs. This examination showed important ways in which Korf’s (2004) livelihood model can be stretched to capture impacts on livelihood in extreme conditions such as when conflicts induce forced displacement. In such extremes the loss of capital assets is massive. One exception may be human capital, if the IDPs manage to escape physical and mental injuries. The vast majority in our sample did escape with their human capital unharmed.

Our work shows that human capital on its own is of marginal use as a source of livelihood. True to the DFID framework and Korf’s extension of it, our work shows that human capital can function properly only if the other five capital assets as well as appropriate institutional structures are available. The present work provides evidence of massive loss of income even where IDP human capital is intact, and attributes it to the loss and dearth of other assets in forced displacement settings. Another important finding of the study was that different types of livelihoods respond differently to displacement. This effect is quite within the Korf framework as those IDPs who are relatively less impoverished are those whose human assets are less reliant on non-human assets. In addition, the less impoverished IDPs have received some institutional backing (in the form of markets or government service) which is also covered in the framework. This leads to the observation that Korf’s endowment assets can in most cases be mapped onto impoverishment risks presented in Cernea’s IRLR model and its extension to the CID case by Muggah. So in a way this work has amalgamated the IRLR with the livelihood–poverty framework.

The focus of the paper was however, much broader than the investigation of various livelihood models described above, and includes important insights
into the real livelihoods of IDPs in Eastern Sri Lanka. In particular the operational details of displaced livelihoods exposed here have policy implications that may become critical within the post-war setting that has replaced the civil war scenario in Sri Lanka.

Acknowledgements

We are grateful for useful and detailed comments from Cathrine Brun, Benedikt Korf, W. D. Lakshman, Kanchana Ruwanpura, and two anonymous referees. The usual caveat applies.

1. The processes in Cernea’s IRLR model are landlessness, joblessness, homelessness, marginalization, increased morbidity and mortality, food insecurity, loss of access to common property, and social disarticulation. Muggah (2000: 200) adds limited access to education, decline in political participation, and increased risk of political and criminal violence to this list to capture the impoverishment risks of CID.

2. A *pottani* is a bundle of goods wrapped in a large piece of cloth such as a bed sheet or a *saree*, usually carried on the head.

3. Grama Sevakas are the lowest level of regional administration in Sri Lanka. Several GSs together make up a DS division, while several DS divisions comprise the district secretariat.

4. The GS divisions from which people were displaced and displacement continues to happen at the time of writing include: Sampur East (1), Sampur West (1), Kooniththeevu (2), Navaradnapuram (2), and Kadatkaraichchenai (3). The number of villages in each GS division is given in parenthesis.

5. The welfare centres in alphabetical order are: Iyankeni, Kalliyankadu, Kokkuvil, Kurrukkalmadam, Mavadivempu, Navatkeni, Palameenmadu, Savukkadi, Sebastian, Sinhala Mahavidyalayam, Sinnaoorani, Valaichchenai, and Zahira. Many of these sites are mapped by Muggah (2008: 176).

6. At the time of data collection the subjects had been displaced for two years. Whenever the data corresponds to the two year period we interpolated on a straight line basis to calculate the value for a one year period. The data was analysed using SPSS.

7. A *wadi* is a multipurpose station used by fisher folk in Sri Lanka.

8. Our sample had households engaged in the following livelihoods (frequencies and percentages within parentheses) before displacement: Type I Labour (15, 20%), Type II Labour (32, 42%), Civil Servants (10, 13%), and Asset Holders (19, 25%).

9. Schools in Batticaloa have accommodated the displaced teachers and students from Sampur. When schools cannot accommodate the students for capacity reasons, they have opted to have evening school. Students, teachers, and even the principals of such evening schools are all IDPs.

10. For the post-displacement case the statistics are mean = 38774, median = 28948, SD = 27434, skewness = 1.621, and SD of skewness = 0.277.

11. Pre-displacement and post-displacement Gini coefficients are 0.49 and 0.36 respectively. Such massive reductions of the coefficient are never seen at country levels, especially within short periods.


*MS received March 2009; revised MS received July 2009*