

# **Urban Poverty in Sri Lanka**

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## **Foreword**

This series of Poverty Briefs (No. 1 to 10) was produced for OXFAM Great Britain (GB) by the Centre for Poverty Analysis to provide a macro overview of key thematic areas relating to poverty, of relevance to Oxfam GB's work in Sri Lanka. They are specifically designed to provide Oxfam GB programme staff with insights into the major issues, concerns, and debates within these themes and their linkages and effects on poverty in Sri Lanka. They also aim to highlight potential areas for policy advocacy by Oxfam GB. This input was used in staff preparation for Oxfam GB's Strategic Review in August 2004.

Oxfam GB's mission is, to work with others to overcome poverty and suffering. Its current programme focus is on: Livelihoods and poor people's access to markets; Gender equality, empowerment and ending violence against women; Public health promotion and access to quality water and sanitation facilities; Emergency preparedness and response; Relationship building between and within communities; and Empowerment of the poor through building of Community Based Organisations.

The views and opinions expressed in the Poverty Briefs are those of the authors and do not necessarily reflect those of Oxfam GB or the Centre for Poverty Analysis.

This series of Poverty Briefs was prepared in mid 2004, prior to the events of the Tsunami on 26th December 2004. The context and issues discussed in some of the Briefs could have changed since then.



# **Urban Poverty in Sri Lanka**

## **1. Introduction**

This Poverty Brief will present an overview of urban poverty in Sri Lanka, with a special focus on the city of Colombo. The brief will look at the key features of urban poverty, discuss the forces that affect the poverty situation and highlight critical policy and institutional issues which affect attempts at addressing the problem.

It must be stressed here that while this Brief will explore the issue of urban poverty from a national context, its focus will be on metropolitan Colombo, as it is the area where urban poverty is most prevalent and the 'urban' nature most intense. It is also within the Colombo metropolitan area that addressing issues of urban poverty have increasingly come to the forefront of policy and programme interventions.

An important factor to keep in mind when considering urban poverty and policy and programme response, is that while the existence of rural and estate sector poverty has been acknowledged and discussed extensively since Independence, poverty in the urban sector has been relatively neglected. Correspondingly, the knowledge base on poverty as well as the policy formulation and interventions are heavily biased towards the rural and estate sectors. It is only over the last two decades that urban poverty has gained a certain degree of prominence with the gradual acknowledgement of its specific nature and the establishment of institutions with an urban focus.

## **2. The Context of Urban Poverty**

### **2.1 The Urban Sector in Sri Lanka**

In contrast to many developing economies, and especially those of South Asia, Sri Lanka has experienced relatively low rates of urbanisation. In the early 1980s, the urban growth rate of major cities, including Colombo, was below 1%. Yet since the

mid 1980s, Colombo has experienced a rapid growth of its wider suburban areas, with the Colombo district experiencing a population growth of 31% between 1981 and 2002 and the urban population rising to over 60%, substantially higher than other districts which had a growth rate of below 15%.<sup>1</sup> As the suburban sprawl around the city of Colombo expands, it brings into doubt the relevance of the current definition of 'urban', which is based on the administrative boundaries<sup>2</sup> rather than on built environment and socio-economic criteria.

## 2.2 Poverty in the Urban Sector

Looking at urban poverty from a national point of view provides a very favourable picture. The urban sector has the lowest rates of poverty in Sri Lanka with only 7.9% of the population falling below the poverty line. This is significantly lower than the national rate of 22.7%.<sup>3</sup> In the conventional national definitions of poverty, which inform its measurement, expenditure on food and non-food items are the critical variables that are considered. The Department of Census and Statistics (DCS) compiles the average per month expenditure on food for the nation, by sector, i.e. rural, urban and estate, as well as for each income bracket nationally. According to the latest data available<sup>4</sup> the average per month expenditure of an urban household on food is Rs. 22,196.<sup>5</sup> This is equal to the second highest expenditure decile (seen as a proxy to income earned) in the country.

However, while it is accepted that in comparison to the rural and estate sector the urban sector has relatively lower levels of deprivation, it must be emphasised that the very high urban average on expenditure is a reflection of the commoditisation of the urban sector, i.e. money is the primary variable in all aspects of livelihood. These

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<sup>1</sup> Census of Population and Housing 2001, Preliminary results, Department of Census and Statistics, Sri Lanka

<sup>2</sup> The Department of Census and Statistics defines urban sector as 'areas governed by either Municipal or Urban Council.' Definitions of the estate sector 'plantation areas which have more than 20 acres and having more than 10 residential labourers with single administration body' and rural sector is 'residential areas which do not belong to urban or estate sectors'

<sup>3</sup> Official Poverty Line for Sri Lanka, June 2004, Department of Census and Statistics, Sri Lanka

<sup>4</sup> Household Income and Expenditure Survey 2002, Final Report, Department of Census and Statistics, Sri Lanka.

<sup>5</sup> This figure refers to all urban households and is not disaggregated according to income groups.

figures have to be seen in the light of the fact that urban poverty in Colombo, as is the case frequently in developing economies, is characterised by households which have incomes that are above the national poverty line (not categorised as poor), but live in very poor quality housing, and in crowded, unsanitary and insecure conditions with a severe lack of infrastructure and access to basic services. Hence, a significant feature of urban poverty that needs to be stressed is that while low income is at the core of deprivation, even households with significant incomes may not have access to basic services, and a sanitary and secure living environment.

Most of the urban poor live in slum and shanty settlements termed Under Served Settlements (USS). There are currently 1614 such settlements within the municipal limits of Colombo within which lives approximately 50% of Colombo's population. USS comprises areas within the city of Colombo that have a concentration of residential units built on state or private land and is not owned by the residents. While these residential areas have the common features of having a very high population density (approximately 820 persons per ha<sup>6</sup> or four times the average of the city of Colombo) and congested housing (with each block averaging 1.5 perches), it is the chronic condition of the services and infrastructure available to the residents that give it its name.

### **2.3 Dimensions and Dynamics of Urban Poverty**

The static picture of the nature of urban poverty and the interlinked issue of the dynamics of change is of interest for those who work to address poverty issues. The salient factors that impact poverty at the community and household level can be summarised as follows:<sup>7</sup>

In terms of livelihood patterns, foreign employment, self-employment and enterprise, and low level formal sector employment are dominant forms of livelihoods of people of higher wellbeing while semi-skilled wage labour is the most common form of livelihood among poor households.

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<sup>6</sup> Calculated based on 2001 Census and existing data on USS land area and proportion of Colombo's population living within the USS.

<sup>7</sup> This section is based on Understanding the Dimensions and Dynamics of Poverty in Underserved Settlements in Colombo, a study conducted by CEPA for CMC/PRIMUSS.

Unless situations of bad debt and bad money management occur, foreign employment is considered a dominant form of income generation for improving the economic condition of households as it translates into increased savings, enterprise development and the ability to improve housing conditions. Maintaining a portfolio of income which includes stable low paying employment together with less stable but higher earning income forms, such as enterprise, is a strategy used by households which maintain higher income levels. On the other hand the lack of stable income sources caused by seasonality issues, weak networks, the excess supply of semi-skilled labour, and low level of health and substance addiction (that often inhibit maintaining employment) constrain the poor from moving out of poverty.

A distinct feature of higher wellbeing households is the tendency for women to choose to stay at home as a result of an adequate household income while women of poor households engage in more labour intensive forms of livelihood such as domestic work and unskilled manual labour on construction sites.

The central location of settlements is a key positive feature, as residents are well placed to access a wide range of services and facilities such as health services, educational and transport facilities, as well as good access to wage labour and other sources of employment facilitates such as self-employment and enterprise. In contrast, the constrained space within the settlements, reflected by the size of housing units and lack of public space, is considered the critical negative feature of USS. At the community level, the lack of space inhibits recreational activities and movement, and exacerbates the spread of disease, while at the household level lack of space constraints social occasions (i.e. funerals, weddings) and undertaking of home-based income-generation, and limits privacy.

The weakness in the availability of services and infrastructure is the defining variable for USS. While economic dimensions form the core of poverty, access to services and infrastructure does not always correspond to income levels of the households. In terms of receiving specific services the availability of domestic water sources, drainage of waste and surface water, toilets, electricity and roads can be identified as necessities for residents. The dependence on public services is often higher amongst poorer settlements and the acute shortage that is created leads to inappropriate and often illegal constructions. This is seen most often in the construction of private toilets.



This creates related problems of pipe blockages and sewerage overflows, diversion of sewerage systems into canals, which in turn create health related problems. Drainage issues come to the forefront because many of these settlements are situated on marginal land, such as marshes and canal reservations that are prone to flooding. The condition of roads leading to, and by lanes within the settlements, are often in poor condition and this hinders access to and within the settlement.

Poor health conditions within the settlements are attributed to the proximity to stagnant canals, breeding grounds for mosquitoes which cause diseases such as filariasis. Furthermore the congestion, high population density, and the close proximity of the housing structures, facilitate and accelerate the spread of the disease.

However easy access to good quality health facilities enjoyed by all residents of USS irrespective of level of income, have enabled better health conditions than can be expected given the environment.

Abuse of drugs and alcohol can be considered as a factor that worsens the conditions of the urban poor. Addiction is often viewed as a main cause of low wellbeing for individuals and households.

Housing and land rights are important elements of urban poverty. Over the years the improvement in housing conditions and an expansion of living space can be considered as a key milestones in improving the wellbeing of residents in USS. This is in terms of an improvement in living conditions, increase in asset base, securing tenure (largely through building of permanent structures), and increased social status in terms of prestige and dignity. Furthermore, it has increased the ability of residents to acquire services, such as electrification, and provides opportunities for income generation, by renting out room/s or for home based activities.

Although there are numerous Community Based Organisations (CBOs) operating in USS, the general level of CBO activity is low in most communities. Though CBOs provide a direct method of voicing residents' views and complaints to the authorities,

informal, and formal networks can be considered to play a more significant role in improving the wellbeing of those in USS. The stability of the settlement populations (as against constant migrations) and the long residence period can be considered as facilitators in developing and sustaining networks.

### **3. Reacting to Urban Poverty**

The slow rate of urbanisation highlighted previously in this Brief, and the pressing problems faced by the rural population meant that urban poverty was not considered a specialised priority area for state intervention until the 1970s. As the growing problems of urban poverty came to be recognised gradually in the 1970s and 1980s, the predominant reaction by the state was in the area of housing development. This included policy and regulatory changes (e.g. Ceiling on Housing Property Law of 1973) and the establishment of state agencies (e.g. National Housing Development Authority, Common Amenities Board) for direct interventions where the state constructed housing for low-income families. In addition, there were ongoing schemes of cash handouts to the lowest income households by the Public Assistance Department of the Colombo Municipal Council (CMC). By the mid-1990s, however, urban poverty had gained acceptance as a special issue that warranted a holistic approach, which included housing, service delivery, health, education and skill-development, and community-development. Along with the greater awareness of the problem came the need to address these issues. While the city level macro plans - such as the Megapolis Plan of 2000, which is currently under discussion - still did not specifically take up the issue of urban poverty, a number of 'programmes' and 'projects' which targeted different aspects of deprivation were operated by different state agencies together with non-state actors such as funders, NGOs, CBOs and, at times, the conventional private sector.

The crucial shift in the orientation towards urban poverty came with the acceptance that the multiple and complex issues of deprivation faced by the USS had to be addressed irrespective of their non-conformation to the legal and regulatory requirements of the city. This was a major step for state agencies such as the CMC, which previously had little to do with USS on the basis that they were illegal entities

within the city. While the CMC had a long history in providing services which were freely accessed by the lower-income citizens of Colombo (eg. preventive and curative health care, public recreational facilities, vocational training) they were not targeted towards the USS or the specific problems faced by them.

A programme, which could be seen as a watershed in the CMCs policy towards the USS, is the Members' Allocation that was put in place with the specific objective

**Table 1. Programmes targeting living conditions in the USS**

<b>Programme</b>	<b>Focus</b>	<b>Period</b>	<b>Partnership</b>
Clean Settlement Programme	Onsite development and data collection	1994-1998	MHUD, World Bank
Presidential Task Force on Urban Development and Housing/ REEL	Development of commercial land through re-location to high density housing schemes	1994-	GOSL, private company with urban agencies as share holders
Sustainable Townships Programme	Relocation through trading of owned land	2000-2001	UNCHS
Participatory Improvement of Underserved Settlements in Colombo (PRIMUSS)	Water and sanitation, community strengthening	2001-2004	CMC, GTZ, BMZ
<b>Poverty Reduction Programme</b>			
Programme	Economic development of USS, on site upgrading, community strengthening	2001-2003	CMC, UNCHS, DFID
<b>Urban Basic Services Programme</b>			
Programme	Provision of common facilities in USS - toilets, taps, bathrooms in the Colombo district (city and greater Colombo)	1979-1993	UNICEF, CMC, NHDA
<b>Healthy City Programme</b>			
Local Area Sustainable Development Observatory (LASDO)	Awareness raising for residents	2001-2004	WHO
Observatory (LASDO)	Digitalised mapping for pro-poor urban planning	2001-2003	CMC, EC, Cities of Paris and Madrid, Asia Urbs

of facilitating the development of USS despite legal constraints. Since 1996 each of the 53 elected Members to the Municipal Council (MMC) has been allocated a fixed annual sum to be specifically spent on upgrading the living conditions of the USS. In 2004 the amount allocated was Rs. 2.5 million each, amounting to a total of Rs. 132.5 million per annum. The MMCs have a high degree of freedom in deciding on the allocation of these funds within the USS. In the past the highest level of spending has been on developing drainage and sewers followed by improving settlement level infrastructure (paving roads/lanes, street lighting, etc.) and housing. While the Members' Allocation has enabled the CMC to invest in the development of the USS, the method used has meant that the system has become highly politicised and the level of planning and steering by the CMC has been undermined. Other programmes that specifically targeted the living conditions of the USS since the 1990s are listed in the Table 1 above.

#### **4. Challenges to Addressing Urban Poverty**

As urban poverty comes to be recognised as a specific subject area in need of targeted interventions, the challenges it faces can be seen to arise from three major sources;

- i. Complexities of the institutional landscape
- ii. Weakness in the policy framework
- iii. Lack of knowledge about poverty and its effects

##### **4.1 Institutional Landscape**

Improving the living conditions of the urban poor through the development of USS involves a range of city specific and national institutions, which are responsible for the regulatory framework, service delivery, provision of infrastructure and facilities. The CMC, which has the longest history within the city, is the governing body of Colombo and the primary regulatory and service provision institution. As such it has wide ranging planning and implementation functions within the city.

However, a number of institutions have been set up since the late 1970s to address specific issues. The Urban Development Authority (UDA) was set up to carry out

planning and development activities - with special emphasis on land use policy - in all urban areas of Sri Lanka including Colombo. The Common Amenities Board (CAB) was established to construct and maintain services in low-income settlements in Colombo. The National Housing Development Authority (NHDA) provides housing loans, regulates housing ownership on land purchased by the authority. The establishment of Real Estate Exchange Limited (REEL) the construction of high-rise apartments took over some of the development functions of the NHDA. Nation wide service providers such as the Ceylon Electricity Board (CEB) and the National Water Supply and Drainage Board (NWSDB) operate within the USS too.

While the institutions mentioned above are the key players in the sector, there is a range of other institutions with special functions and regulatory mandates. There are serious inefficiencies because multiple institutions have overlapping mandates and overlapping areas of responsibility. The situation is aggravated when institutions have contradictory mandates. For example, provision of services to settlements automatically upgrades them and creates greater stability and a sense of ownership, which is in contrast to the policy of relocation. Hence, the NWSDB's programme to convert non-revenue water to revenue water by providing regularised household access to water is in direct contradiction to the attempts of relocation. The situation is made worse by the fact that the orientation of institutions is in a state of change as the focus on urban poverty increases. This is further complicated by the fact that such changes in orientation are not followed by rapid changes in the legal status of these institutions. Hence, many pro-poor activities carried out by institutions such as the CMC are not within its strict legal mandate. State institutions frequently overcome these constraints by co-ordinating with non-government organisations, which are knowledgeable and active in the area of urban poverty alleviation.

## **4.2 Policy Framework**

The issues faced in terms of institutional and legal framework are a reflection of the weak policy framework within which urban poverty issues are addressed in Sri Lanka. All attempts at planning the development of the city of Colombo has seen the city as a single unit where intervention was primarily in terms of spatial planning, systematising services and infrastructure for an expanding city and facilitating the

economic growth of the city. This orientation is reflected in the Colombo Master Plan of 1978, City of Colombo Development Plan of 1985, Colombo Metropolitan Region Structure Plan of 1996 and the Megapolis Plan of 2000. Considering it from the point of view of urban poverty, a significant shortcoming of these plans is that despite the gradual move towards acknowledging the complexities of urban poverty, housing continues to be the only area in which the low-income groups of Colombo are considered as a special target group. All other aspects of urban poverty are relegated to ad-hoc programmes carried out by the CMC and other interested institutions.

Within housing policy itself there is a host of issues which create a disabling environment. Shifts in policy base - e.g between on site upgrading to relocation - creates inconsistency within the policy framework. In addition there is frequent overlapping of mandates given to different institutions which create increased inefficiencies in the system and a sense of insecurity and instability among the residents of USS.

Further, there are contradictions in the methodologies used for interventions within the USS. Individual programmes are frequently built on principles of community participation through out the project cycle culminating in community ownership and maintenance. However, there is insufficient legal and policy backing for the Community Development Councils (CDC) which are the key community level institution to co-operate in such development activities. Further, policies such as the CMC Members Allocation is politically driven and thus undermines policies of community strengthening.

### **4.3 Working from a Weak Knowledge Base**

In Sri Lanka, the primary focus of poverty related knowledge building, policy making and critical evaluation has been the rural economies and societies. The urban poor have received little recognition as a special group which face dynamics and dimensions of poverty which are significantly different from the national - i.e. rural - norm.

Until the 1990s a cyclical relationship had developed between the lack of knowledge regarding the urban poor and the state limiting its poverty interventions to only very simple and basic interventions that sought to have an effect on household consumption and housing. However, as urban poverty received increasing attention, the lack of sufficient knowledge regarding the issues involved and potential solutions became significant constraint to optimum use of available resources and ensuring satisfactory outcomes. Though the national statistical providers such as the Department of Census and Statistics (DCS) produce basic data on incidence of poverty in the urban sector, secondary data that helps an understanding of the living conditions and livelihood patterns of Colombo's poor is not plentiful. While gradually more studies are being conducted on the subject and databases developed,<sup>7</sup> there seems to be a strong feeling at the strategy and planning levels that decisions are taken, and programmes designed, with very little knowledge to back them up. It must be emphasised here that it is the knowledge on poverty and impact related issues that are the source of concern and not the technical - engineering, medical, education, etc. - knowledge.

## **5. Identifying Priority Areas which have Potential for Immediate Intervention**

Despite the many constraints facing pro-poor interventions in Colombo, there are some factors that provide a very strong base for potentially successful interventions:

- Most USS in Colombo are of a very manageable size. 74% of the settlements have less than 50 housing units and only 0.7% has more than 500 housing units. This allows external agencies to develop services with maximum community participation and minimum conflict.
- The population of the settlements are often third or fourth generation residents hence a very low level of in-migration is prevalent. Issues faced by in-migrations constantly expanding the slums are not faced in Colombo.

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<sup>8</sup> Examples are: 1) Case studies of USS were carried out under the Clean Settlements Programme, 2) Data base and Poverty Profile City of Colombo; Urban Poverty Reduction through Community Empowerment, 2002.

- Rapid improvements have been made in the living conditions of the USS over the last two decades due to own effort and external interventions.
- Hence, while it is difficult to address policy and legal issues which have an impact on institutions and macro planning, there are specific areas which can be addressed with potentially substantial impacts. These are,
  - Strengthening the community based institutions: The CDCs are best placed to facilitate sustainable and relevant improvements to the living conditions of the USS by co-operating with state and non-state agents. However, there is a need to strengthen its organisational capacities, leadership and negotiating skills, carry out team building, and improve the residents' ownership. It must be acknowledged that this is not an easy task as a number of projects have attempted 'mobilisation' and 'empowerment' interventions without significant success. However gradual change can be observed, and can be further developed if CDCs are recognised as partners to the state and non-state institutions rather than a means through which the CMC and other institutions operate within the USS. This would also need an expansion in the regulatory framework which currently governs the CDCs.
  - Develop the common social space for recreation, social functions: Common spaces that contribute to community cohesiveness, is a method of coping with severe restriction of private space and overlapping public space. This is especially true for children and youth. There are approximately 60 playgrounds and 60 community centres owned by the CMC. While this meets less than 1/3 the necessary standard, the lack of facilities and poor maintenance aggravates the problem.
  - Adolescence and children's issues: This is an area which needs urgent attention. The unstable social fabric creates an adverse environment especially for young children who are forced to grow up in child unfriendly social and physical environments. Activities to strengthen the family unit and increase provision of pre-school day care centres, etc. should be undertaken along with the provision for broader educational opportunities, improving life skills, and security.



- Usage of services: Increasing civic consciousness/public education on use of available services and facilities (solid waste, toilets, etc)
- Skills development: Improving skills to get access to stable employment and or/higher paying wage labour/self employment.

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