

## Abstract

This report presents the findings of the first phase of a long-term study of 'Poverty dynamics and economic mobility'. The research work pertaining to this study was carried out in a few villages of the Lunugamwehera Divisional Secretariat area in the District of Hambantota. The study attempted to fill a serious vacuum in poverty research in the country with respect to the evaluation of poverty status, its causes and consequences at micro levels. It employed a multi-disciplinary framework to identify the processes and conditions of poverty. Adopting the conceptual framework proposed by Baulch and others to suit the conditions of the peasant economy of Sri Lanka, the study postulates that poverty as a deprivation of capabilities and functionings is dependent on a series of factors including the endowments, environmental conditions, shocks and vulnerability, demographic setting of households, economic and policy framework, cultural influence, and income and expenditure flows in the peasant economy.

The research work pertaining to this study was carried out in the months of September 2003 to February 2004 and the questionnaire survey covered 105 households selected from five-drought stricken villages in the Lunugamwehera Divisional Secretariat area in the Hambantota district. Two questionnaire surveys were administered to elicit data on income and human poverty related information. Furthermore, in depth interviews, observations and discussions with informed citizens in the area supplemented the database of the study.

The study revealed that poverty in the area was relentless both in terms of head count data as well as the poverty assistance data maintained by the Samurdhi programme. By comparing and contrasting cross sectional data and also by evaluating cross-tabulated relationships, the study delineated some of the salient characteristics of poverty, its causes and consequences. The factors identified in the original model appeared to have contributed to the current status of poverty in different magnitudes. The factor analysis outcomes have yielded a factor loading of 72 per cent, which explains the inter correlation among the variables studied.

However, on account of the limitations imposed by the size of the sample, the data failed to yield conclusive outcomes with respect to multiple regression analysis. As the main focus of this phase of the study is to identify the baseline conditions, this shortfall may not be a serious impediment to the overall project. The study has ascertained how the findings can be significant in the context of the next three panels, leading to an inquiry into poverty dynamics and economic mobility. As discussed in detail throughout the report, it is the longitudinal aspects enveloping the same sample households over a longer period of time that would assist the policy designers to appreciate the incidence of poverty and understand how the poor respond to different policy initiatives of the state.

The experience gained by this study will be profitable as there has not been any initiative so far to address poverty dynamics and economic mobility issues in the country. The study is also significant because of its inter-disciplinary focus where economic, social, health, environment, cultural and such other factors have been taken into account in addressing the poverty status and processes of the study area.