UNIVERSITY OF AGDER

Urban poor living with risk

Exploring the dimensions of urban poverty: A case study on risk management capacities among the urban poor in Colombo, Sri Lanka

by

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ABSTRACT

The complex nature of urban poverty cannot be grasped by numbers and graphs. Urban poor survival strategies are subject to a number of challenges, derived from internal and external risks. Domestic illness or global economic fluctuations can have a severe impact on the livelihoods of the urban poor depending on day-to-day income. A contemporary trend within poverty research is to analyse urban vulnerability through a bottom-up approach, giving a voice to the poor. In order to enhance the prospects of poverty eradication strategies in a globalised world, there is a need to approach urban poverty as a contextual phenomenon, identifying the sources of vulnerability and understand the risk management strategies of the urban poor. This master thesis presents a qualitative study on the dimensions of urban poverty in Colombo, exploring how the urban poor manage to endure seasonal varieties and unforeseen events through informal risk management strategies. Findings of this study illustrate how urban poor's capacities, and limitations, to prevent- mitigate- and cope with risk are determined by a range of economic and non-economic dimensions, at a micro and macro level.

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Abbreviations

DCS – The Department of Census and Statistics
CEPA – Centre for Poverty Analysis
IGA – Income Generating Activity
ILO – International Labour Organization
MDG – Millennium Development Goals
NGO – Non Governmental Organization
PPP – Purchasing Power Parity
ROSCA – Rotational Savings and Credit Association
UN – United Nations
UNESCAP – United Nations Economic and Social Council, Economic and Social Commission for Asia and the Pacific

Non English terms

Chitu – Tamil word for ROSCA
Dowry – Bridal gift
Three-wheeler – Motorized vehicle with three wheels, mostly used as taxi. Another local words used to describe a three-wheeler is *tuk-tuk*

CHAPTER ONE: INTRODUCTION

On February 12, 2012 the Sri Lankan population woke up to discover that the oil prices had increased by 27 per cent overnight (LankaPage 2012a). The oil prices generated immediate repercussions of increased transport fares, electricity bills and fish prices. The bus drivers shut down the engines and took to the streets, demonstrating side by side with fishermen against the skyrocketing prices. The government owned Sri Lankan newspaper Daily News, argued that increased oil prices is an unavoidable scenario triggered by the global fluctuations of oil prices (Ramanayake 2012). This introductory example, illustrating how changes in the global economy affects a national economy, sets the stage for a discussion on the nature of poverty in a globalized world. Assessing the linkages between high oil prices and poverty in Sri Lanka, Naranpanawa and Jayathileka (2011) conclude that the lower income urban households are more vulnerable to external risks derived from economic shocks, than the rural poor households. They relate this vulnerability to the nature of the income generating activities sustaining a majority of the urban poor households: “As urban low income households are predominantly employed in the manufacturing and services industries which are negatively affected by this price shock, decline in factor income plays a crucial role in pushing them into poverty” (Naranpanawa and Jayathileka 2011:18-19).

Globalization and the poor

Globalization has changed the livelihoods of the poor, as they are exposed to an increasing number of external risks, affecting their ability to sustain their livelihoods. Urban poor survival strategies are subject to a variety of challenges, as “the poor are typically most exposed to diverse risks, whether they are natural (such as earthquakes, flooding or illness) or man-made (such as unemployment, environmental degradation or war)” (Holzmann and Jørgensen 2001:531). Increased trade and technological development in developing countries have fuelled positive prospects of poverty eradication and governmental welfare programs. However, it is a fact that growth potentially leads to increased differences between the “haves” and the “have-nots” (2001:533): “Globalization induced income variability combined with marginalization and social exclusion can, in fact, increase the vulnerability of major groups in the population” (Holzmann and Jørgensen 2001:533).

Holzmann and Jørgensen identify two key changes derived from industrialization and urbanization: “a breakdown of traditional and informal risk-sharing mechanisms and the introducing of new risks, most importantly work-related accidents and unemployment” (Holzmann and Jørgensen 2001:532). How do the urban poor manage to sustain their livelihoods in an unpredictable environment?

Current trends: Giving a voice to the poor

The last decades have generated an increased global focus on bottom-up development, empowering the poor through increased stakeholder involvement, responding to a perception that **“**enhancing the risk management capacities of the poor and non-poor reduces their vulnerability and increases their welfare and should thereby contribute to a decline in transitory poverty as well as provide a way out of chronic poverty” (Morduch in Holzmann and Jørgensen 2000:533). The idea of *risk management* has received increased attention within different development institutions. Risk management is often used to describe risk assessments related to natural disasters. However, the term might also point to an individual capacity to define and respond to risks in a day-to-day-situation. In particular, this is an interesting approach when it comes to understanding the risk coping mechanisms among urban poor households.

Heltberg *et al* (2008:2) argue that there is a gap in the literature concerning research assessing the linkages between risks, human vulnerability and poverty. “Household asset portfolios and livelihood choices are reflections of risk management strategies and are profoundly shaped by climatic conditions” (Heltberg *et al* 2008:6). The statements of Heltberg *et al* (2008) are put forward in a context of exploring how to respond to covariate risks derived from climate change. The discussion suggests a deficit in the literature needed to facilitate the structuring of holistic development interventions: “We need a better understanding of the nature of the risks facing poor countries and households; how these risks might impact household well-being and broader social outcomes (e.g., stability and security)” (Heltberg *et al* 2008:6).

Multidimensional approach

This master thesis takes on a multidimensional approach embracing not only the economic challenges faced by the poor, but also the political-, social and environmental challenges, seeking to grasp the complex livelihoods of the poor. A risk management framework has been applied in the research process as a pathway to understanding urban poor survival strategies. This study explores the nature of risks from an urban poor perspective, analysing how living with risk affects urban poor livelihoods. Assessing the risk coping mechanisms among the urban poor might serve to identify capacities at a micro level, which can be useful at a macro level in terms of broader sustainable development strategies.

Problem Statement

This master thesis seeks to understand the complex nature of urban poverty in Colombo through analysing the capacities of the urban poor to deal with risk:
Exploring the dimensions of urban poverty: A case study on risk management capacities among the urban poor in Colombo, Sri Lanka

Research objectives

- Explore the types of risks affecting the urban poor households,
- Explore the urban poor's capacities and limitations to deal with different risks, and
- Discuss the value of social capital in risk management strategies.

Study in brief

A case study has been conducted in Kimbula-Ela in Colombo, Sri Lanka, analysing the strengths and weaknesses of ***proactive*** preventive- and mitigation strategies of risk management, and the ***reactive*** risk coping strategies among the urban poor. Data was collected over a period of three months, from January to March 2012. Emphasis has been placed upon mapping the voices of the poor through in-depth qualitative interviews and FGDs, complemented by observations and document analysis. Semi-structured interviews (see Appendix 1) have been conducted with 41 respondents, both men and women. Additionally, 3 focus group discussions have been conducted with women in the area.

The process of analysing data has followed the principles of *grounded theory*, collecting and analysing data throughout the research process (Bryman 2008:541). In practice the analysis has been conducted throughout the whole process of data collection. Answers generated through the semi-structured interviews with urban poor respondents have been categorized to identify potential patterns. An essential task has been to engage the respondents in the process of identifying relevant indicators describing their livelihoods, as well as analysing how the urban poor perceive their own prospects of escaping urban poverty.

Rational for choosing research area

Kimbula-Ela was chosen as a study area based on its characteristics. As the purpose of the study is to understand the complex survival strategies of the urban poor, it was essential to choose an area where the complexity of living with multisource risks could be grasped *Primarily*, the area was chosen due to its frequent flooding of nearby wetlands. *Secondly*, the area is labelled for macro development purposes by the Government, which expose the settlers to the external risk of being relocated. *Thirdly*, the area is interesting due to its religious diversity; a religious heterogenic community of Roman Catholics, other Christians, Hindus, Muslims and Buddhists. A more detailed presentation of the study area is provided in chapter four.

Thesis outline

Chapter one is the introductory chapter, which serves to clarify the objectives of the research and elaborate upon the structure of the thesis. ***Chapter two*** presents a literature review on urban poverty. This section discusses the contemporary discourse on how to *define* and *approach* urban poverty. Particular emphasis is placed upon the nature of multidimensional poverty. ***Chapter three*** clarifies how this research approaches urban poverty through assessing urban poor's capacities to manage risk. Key concepts within the risk management framework will be presented, and linked to ideas presented in the literature review. ***Chapter four*** contains a contextual description of urban poverty in Sri Lanka, along with a presentation of the study area: Kimbula-Ela. Emphasis is placed upon area characteristics of particular relevance for this case study. ***Chapter five*** clarifies the methodological approach applied during data collection and assesses the limitations of the study. ***Chapter six*** presents the findings from the data collection and discusses them in relation to the risk management framework and existing literature. ***Chapter seven*** contains concluding remarks, highlighting the key findings from the case study and elaborating on prospects for further research.

The coding of respondents

One of the strengths of qualitative research is the detailed descriptions provided by the respondents, adding a vivid character to the study. Throughout this thesis, the findings and analysis will be illustrated by a number of quotations from the semi-structured interviews. In order to secure the anonymity of the respondents, their names will not be revealed. However, each interview has been coded in order to demonstrate some personal features of the respondent. Including; *i)* the sex of the respondent, *ii)* the age of the respondent, *iii)* the respondents ethnicity: Tamil, Singhalese or Sri Lankan Muslim, *iv)* The respondent's religion: Roman Catholic, Other Christian[1], Hindu, Buddhist, or Muslim, *v)* the housing conditions of the respondents, differentiating between respondents who live in shacks and respondents who live in brick houses *vi)* Finally, statements made by respondents are labelled with the wealth category to which the respondents define themselves as: Never short of money, sometimes short of money or always short of money.

Researcher's narratives

During my three-month stay in Sri Lanka, a plethora of observations have been made. Informal conversations from meetings with staff from the Strømme Foundation Asia, visit to the Centre for Poverty Analysis (CEDA) in search of documents on urban vulnerability, as well as conversations with three-wheeler (taxi) drivers. Each and every conversation and observation has contributed to increasing my understanding of contemporary Sri Lankan society, adding pieces to the puzzle. Many of these informal conversations do not fit into any scientific or academic model, but yet they represent valuable contributions utilised in the shaping of this particular research. Throughout this thesis observations made in-between interviews, or for that matter, while being stuck in thick traffic, will be presented in tables labelled "Researchers Narratives".

[1] *Other Christians* refers to respondents who belong to other Christian communities than the Roman Catholic Church, such as Pentecostal or Evangelical churches.

CHAPTER TWO: WHAT IS URBAN POVERTY AND HOW TO MEASURE IT?

Conceptual discussion on urban poverty

How do we differentiate an urban area from a rural area? What kind of characteristics defines an urban area? Is it the paved roads or the market place just around the corner? At a local, national and global level, definitions vary in terms of how to interpret *urban*. Simultaneously, the discussion generates divergent approaches to identifying and measuring *poverty* (Baker 2008). Consequently, the discussion on how to define *urban* and *poverty* affects the statistics on *urban poverty*. Some scholars, such as Ravallion "estimate that rural poverty in Asia is declining significantly, while urban poverty has been increasing, from 136 million people in 1993 to 142 million in 2002" (Ravallion in UNESCAP 2007:4). It is important, however, to note that this increase in urban poverty is not only a result of rural-urban migration, as part of the explanation lies in former rural areas being re-classified as urban areas (UNESCAP 2007).

Economic perceptions of poverty

At the core of the discussion on poverty are "numerous debates around the topic of poverty measurement related to the use of money metric approaches given the multidimensional nature of poverty, where to set poverty lines, and how to account for the higher cost of living in urban areas in national level poverty estimates" (Baker 2008:2). The most common terms of defining poverty are *absolute* poverty and *relative* poverty. These terms are based on economic measurements indicating an average purchasing power of 1.25 US dollar a day or 2 US dollars a day (Baker 2008). In order to take into account the higher living expenses in urban areas, the urban poverty lines are on average 30 per cent higher than the rural poverty lines (Baker 2008). Even though the economic indicators are adjusted to rural and urban living expenditures, measuring poverty based merely on income fails to reflect the non-economic dimensions of poverty. Although the limitations of measuring poverty eradication through a monetary approach are commonly known, global poverty campaigns such as the Millennium Development Goals (MDGs), measure the global progress in addressing poverty based on economic variables (UN 2010). Part of the explanation of why economic indicators continue to dominate models and statistics on global poverty is due to the difficulties in measuring non-economic dimensions of poverty.

Understanding urban poverty

A document-note from an UNESCAP meeting in 2007 discusses the importance of understanding the challenges of *urban* poverty from an *urban* perspective, rather than merely transferring knowledge and experience from *rural* poverty contexts to an urban setting. This is an interesting approach as it contains reflections upon the failures of urban poverty reduction strategies, suggesting that failures in addressing urban poverty might be rooted in misconceptions of the specific characteristics of urban poverty (UNESCAP 2007). Baker and Schuler (2004) subscribe to this perception, arguing that urban poverty reduction strategies should be developed based on detailed analysis on the contextual nature of urban poverty, rather than adhere to poverty trends identified through national statistics. Through their analysis on urban poverty they identify a range of characteristics *that are more pronounced for the poor in urban areas*, such as "commoditization (reliance on the cash economy); overcrowded living conditions (slums); environmental hazard (stemming from density and hazardous location of settlements, and exposure to multiple pollutants); social fragmentation (lack of community and inter-household mechanisms for social security, relative to those in rural areas); crime and violence; traffic accidents; and natural disasters (Baker and Schuler 2004:3). Hence, the urban poor survival strategies should be understood in relation to their immediate environment. Mitlin (2003) argues that compared to the rural poor, the urban poor livelihoods are particularly exposed to high prices on non-food essentials such as fuel and shelter (Mitlin 2003:8).

Urban poverty versus urban vulnerability

Along with other scholars, Moser (1998) advocates the importance of understanding the distinction between poverty and vulnerability. She argues that while the term *poverty* is static and unchangeable, *vulnerability* is dynamic. People move in and out of vulnerability, but not all vulnerable people are poor (Moser 1998). This approach of describing the dynamisms of vulnerability is highly relevant when understanding the livelihoods of day-to-day-workers, exposed to internal and external risks. Vulnerability needs to be understood in relation to the factors influencing it. Baker and Schuler (2004) define vulnerability as "a dynamic concept referring to the risk that a household or individual will experience an episode of income or health poverty over time, and the probability of being exposed to a number of other risks (violence, crime, natural disasters, being pulled out of school)" (Baker and Schuler 2004:4). This vulnerability approach is in line with Holzmann and Jørgensen (2001) describing vulnerability as "the likelihood of being harmed by unforeseen events or as susceptibility to exogenous shocks" (Lipton and Ravallion 1995 in Holzmann and Jørgensen 2001:533). Replacing poverty analysis with vulnerability analysis expands the traditional view of poverty, as well as challenges the set of criteria needed to measure vulnerability. Baker and Schuler (2004) provide an example of how to measure vulnerability: "Vulnerability is measured by indicators that make it possible to assess a household's risk exposure over time through panel data. These indicators include measures of: physical assets, human capital, income diversification, links to networks, participation in the formal safety net, and access to credit markets. This kind of analysis can be quite complex, requiring a specially designed survey" (Baker and Schuler 2004:4).

The link between poverty and possibilities

A conceptual shift from poverty to vulnerability allows for a greater range of dynamic variables to be included in the analysis of urban poor livelihoods, exploring the nature of urban livelihood strategies in the junction of the external environment and the internal household capacities. This observation is supported by Holzmann and Jørgensen (2001:533) who argue that a person's vulnerability is determined by two factors: The individual capacity to deal with risk and the *severity of the impact* of the risk. The latter factor points to the nature of risks, differentiating between internal domestic social, and life-cycle risks, and external risks such as global economic fluctuations and environmental risks.

A great range of literature on poverty highlights individual capacities as a crucial component in poverty eradication. Moser (1998:5) highlights *capacity to manage assets* as a variable affecting people's ability to reduce vulnerability. Heltberg *et al* (2008) argue that poverty is closely linked to the character of the assets inherited by the poor and their ability to manage these assets. "Households are poor because they have limited quantity and quality of assets; and their assets have low expected returns and high variance of returns. The combination and flexibility of assets also matters: Poor and vulnerable households tend to lack key assets and whatever assets they have are not mobile and of poor quality and location." (Heltberg *et al* 2008:18-19). An important element to include in the discussion on assets is the importance of contextual analysis. Meaning, how assets serve to reduce household vulnerability. Moser (1998) argues that while studies on rural poverty include land access and crops as essential assets affecting the survival strategies of the rural population, urban *housing* should also be recognised "as a productive asset for the urban poor" (Moser 1998:10). This perception serves to further strengthen the argumentations presented above, regarding the identification of poverty dimensions in an urban context. Baker and Schuler (2004) explain that "A range of variables on the ownership of household assets are used to construct an indicator of households' socio-economic status. These assets include: a car, refrigerator, television, dwelling characteristics (type of roof, flooring, toilet), and access to basic services including clean water and electricity" Baker and Schuler (2004:4). These assets have been developed in order to identify the prospects of poverty eradication in an urban context.

The value of social capital

Social capital has received increasing attention within the development discourse the last decades. As it has become clear that survival strategies of the poor are highly influenced by social networks, within which *social capital* sets forth to include the non-tangible assets used by the poor to mitigate and cope with vulnerability. Social capital can be described as "reciprocity within communities and between households based on trust derived from social ties" (Moser 1998:4). It is a common reflection in the literature embracing social capital that strong social networks strengthen a community's ability to address vulnerability and poverty (Narayan 1999, Woolcock and Narayan 2000, Collins 2009). Collins *et al* (2009)'s research on the world poor's financial portfolios, exploring the survival strategies of poor households in South Africa, Bangladesh and India, concluded that the social capital played an invaluable role in the survival strategies of the poor. Poor household managed to cope with emergencies, such as illness or unemployment, through practical- and financial assistance provided by relatives and neighbours, replacing the lack of formal insurances (Collier *et al* 2009:70).

Woolcock and Narayan (2000) warn against simplistic interpretations of social capital; leading to an over-optimistic perception of social relations as always beneficial. "Evidence from the developing world demonstrates why merely having high levels of social solidarity or informal groups does not necessarily lead to economic prosperity" (Woolcock and Narayan 2000:230). Woolcock and Narayan (2000) stress the importance of analysing both the *horizontal*- and the *vertical* dimensions of social capital, meaning that the value of social capital is affected by the width and the depth of social networks concentrated at an intercommunity level or connected to external communities and organizations (Narayan 1999, Woolcock and Narayan 2000). This network approach is commonly operationalized through analysing elements of *bonding*, *bridging* and *linking*. These terms refer to the nature of social relations, differentiating between levels of social relations between immediate neighbours and friends (bonding capital), diverse vertical networks (bridging capital) and horizontal networks that span across different power levels (linking capital) (Woolcock 1998, Narayan 1999, Woolcock and Narayan 2000). The linking capital can be used to identify social networks which link individuals to institutions, or to identify linkages between communities and state (Woolcock 1998, Narayan 1999).

Applying a tool which identifies different elements within social capital enables researchers to critically assess the value of social capital. A poverty study carried out among villagers in India, identified a positive correlation between the wealth of the household and the dimensions of social capital (Parker and Kozel 2007). Although social capital was found to play a significant role in both poorer and richer household livelihood strategies, the potential social capital : "Upper caste households were found to maintain broader and more productive social capital networks, both within their communities and with urban centers beyond" (Parker and Kozel 2007:307). Adam and Rončević (2003) argue that the limitations of conceptualising social capital are manifested in multiple ways of operationalizing social capital across different academic disciplines. Their concluding remark on the applicability of social capital is that "social capital must be treated as a part of a broader (multicausal) model containing numerous (sociocultural) variables and factors" (Adam and Rončević 2003:178). As an example they recognise social capital as essential in terms of making the most out of human capital: "Human capital can be "dead capital" unless it is put into circulation […]" (Adam and Rončević 2003:175). Adding this perception to the analysis on adequate asset management by Heltberg *et al* (2008), it suggests that failure in asset management is not only determined by human capital, but should also be analysed in relation to opportunities provided through social capital. Assessing the linkages between social capital and human capital is also congruent with the philosophy of scholars such as Amartya Sen, who defines poverty as *the deprivation of capabilities* (Sen 1999). Sen argues that analysing poverty through assessing the capabilities of the poor facilitates the understanding of the nature and the causes of poverty, from a perspective which is not limited to economic prosperity (Sen 1999:87-91). Sen clearly states a correlation between economic- , human- and social capital when arguing that: “The instrumental relation between low income and low capability is *variable* between different communities and even between different families and different individuals” (Sen 1999:88).

Towards a multidimensional approach

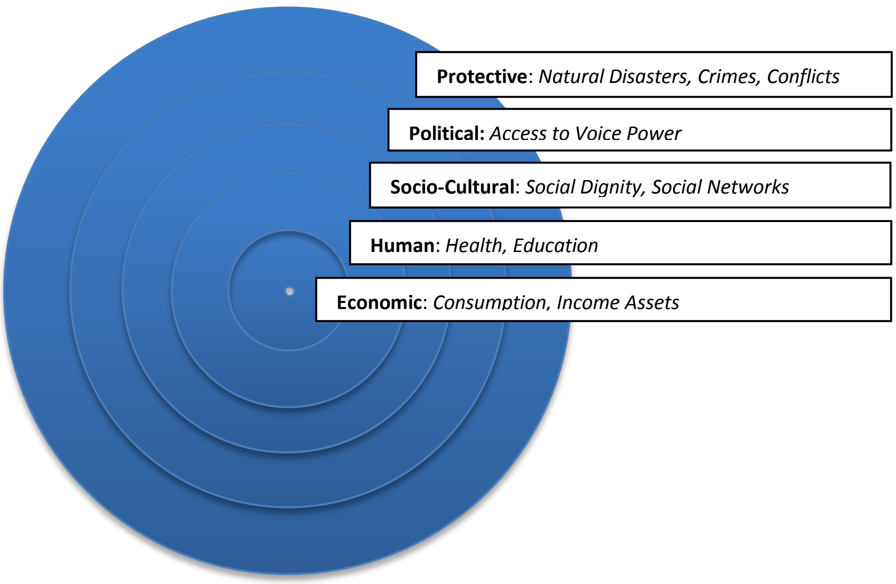
In light of the literature discussed above, the paper will move on to elaborate on how these elements merge into multidimensional poverty analysis, moving away from the economic terms of relative and absolute poverty, to an approach which incorporates intangible elements. Discussing the limitations on poverty assessments, Rakodi (2002) argues that the research on poverty reveals a discrepancy between the conceptual definitions on poverty and the perceptions identified amongst the poor themselves: “Research on the perceptions and definitions of poverty used by the poor shows, first, that poverty is not defined solely in terms of low incomes, but uses broader concepts of deprivation and insecurity; and second, that any attempt to place monetary values on these aspects of personal, social deprivation involves so many arbitrary assumptions that it is likely to be meaningless” (Rakodi 2002:5).

Scholars have developed refinements addressing the limitations of money metric approach, adding livelihood indicators such as consumption level and housing opportunities to capture a more dynamic image of poor livelihoods (Mitlin 2003). In 1997 Narayan assessed the linkages between poverty and social capital in rural Tanzania. The core aim of the study was to involve the voices of the poor in defining their livelihoods and discuss prospects for poverty eradication from the *poor’s perspective*. The study revealed a broad set of local definitions and characteristics describing different levels of rural poverty. Dimensions of poverty were reflected through indicators such as the size of the household, the assets for income generating activities, the state of the house, income situation, the level of children’s education, the quantity and quality of food consumed and a household’s dependency on relatives (Narayan 1997:10). The descriptions on poverty varied from one geographical area to another. In the Kilimanjaro region the respondents described the most deprived, *the Very*

Poor, with these characteristics: “1) No land or very small plot of land, 2) Does not plant, 3) Depends on relatives, 4) The house has 7 doors (broken walls so they can exit from anywhere)” (Narayan 1997:10).

Gunewardena (2004) concludes that replacing monetary measurements with a multidimensional tool has improved the prospects of grasping the complexity of poverty: “Multidimensionality of poverty is now firmly accepted, and we are much closer to measuring it than we were a decade ago” (Gunewardena 2004:1). The Centre for Poverty Analysis (CEPA) in Colombo operates with five dimensions of poverty (economic, human, socio-cultural, political and protective), highlighting the importance of embracing not only the economic aspects of poverty. Gunetilleke *et al* (2004) advocates the importance of understanding urban poverty from an *urban* perspective, arguing that “the nature of poverty in the urban sector, and particular in the USS [Underserved Settlements], needs to be understood in relation to its immediate environment rather than in relation to the national level of poverty” (Gunetilleke *et al* 2004:7). This statement re-confirms the relevance of the poverty analysis of Narayan (1997), understanding the contextual variables defining poverty. Figure 1 illustrates how CEPA conceptualises urban poverty through different dimensions:

FIGURE 1: FIVE DIMENSIONS OF POVERTY



- Source: Gunetilleke *et al* (2004:19: *Fig. 2.2: Dimensions of poverty*)

Figure 1 recognises economic vulnerability as the core dimension of poverty, while at the same time incorporates non-economic dimensions of human, socio-cultural, political and protective aspects (Gunetilleke *et al* 2004:18), underlining the interplay of multiple factors triggering urban household vulnerability.

CEPA has undertaken studies on urban poverty in low income settlements within the City of Colombo; *Understanding the Dimensions and Dynamics of Poverty in Underserved settlement in Colombo*. By approaching urban poverty through five dimensions, the research team managed to grasp "a more fluid picture of the variables that interplay creating the causes and consequences of poverty" (Gunetilleke *et al* 2004:19). The key findings from the study demonstrated that urban poor survival strategies are affected by a range of non-economic variables including social networks, employment opportunities, asset management and housing conditions (Gunetilleke *et al* 2004). The respondents from low-income settlements described the economic dimension of poverty as a key factor triggering vulnerability, identifying lack of income as a main obstacle to well-being (Gunetilleke *et al* 2004:35). When asked how to address the economic vulnerability, the respondents identified job migration overseas as a key factor promoting change and well-being within poor households. Secondly, self-employment and enterprise were considered important elements securing positive income progressions (Gunetilleke *et al* 2004:35).

CHAPTER THREE: URBAN POOR RISK MANAGEMENT

This chapter clarifies the linkages between urban poverty and risk management, introducing risk management strategies as an essential element within urban poor survival strategies. Based on the components discussed in the literature review, the theoretical framework for this study seeks to grasp the nature of urban poverty through a risk management framework. Firstly, this chapter will illustrate the concept of risk management as defined by Heltberg *et al* (2008) and Holzmann and Jørgensen (2001). Secondly, the chapter will clarify how the ideas of risk management have been implemented in the theoretical framework. The theoretical framework presented in this paper combines core ideas on risk management with the urban poverty study of Gunetilleke *et al* (2004) along with ideas on social capital (Narayan 1997 and 1999, Sen 1999).

Defining risk management

Exploring the nature of poverty through a *risk management* lens is of particular relevance in an urban context as the framework embraces both internal and external sources of risk affecting the sustainability of urban poor livelihoods. Hence, the framework considers a broader range of variables triggering vulnerability, thus better recognising the urban poor's connection to the globalised world. *Risk management strategies* can be defined as "Ex-ante (anticipatory) and ex-post (reactive) actions to manage risky events" (Heltberg *et al* 2008:5). The risk management framework is much in line with the dimensions of poverty presented by Gunetilleke *et al* (2004). The framework reflects dimensions of poverty through different sources of risk affecting the urban poor. With this as a starting point, the discussion will move on to emphasise how the urban poor *manage* these different sources of risks. Scholars with relation to economic development institutions such as Helberg et al (2008), Holzmann and Jørgensen (2000), argue that risk exposure and the lack of formal mechanisms to respond to risk, determines and perpetuates poverty: "All individuals, households and communities are exposed to multiple risks from different sources. Yet, the poor are more vulnerable since they are typically more exposed to risks and have access to fewer risk management instruments that can allow them to deal with these risks" (Heltberg *et al* 2008:48). This approach is also supported by Karnani (2009), who argues that the poor often exercise inadequate cash-flow management due to lack of bank accounts: “Having cash at home makes it harder to exercise self-control” (Karnani 2009:78). This perception illustrates the prospect and limitations of urban poverty derived from both domestic limitations and structural limitations.

In order to understand risk management it is essential to identify the types of risks experienced by the urban poor. As a way of classifying risks, Holzmann and Jørgensen (2001) distinguish between *uncorrelated* (idiosyncratic) and *correlated* (covariate) risks when assessing the impact that risk have on the households in vulnerable communities. Table 1 illustrates how Holzmann and Jørgensen (2001:539) identify different sources of risks, linked to the impact level; *micro*, *meso* and *macro*. The hypothesis of Holzmann and Jørgensen (2001) is that the capacity of the poor to manage risk is limited when facing macro risks, such as trade shocks, while idiosyncratic risks can often be addressed at a household level.

TABLE 1: MAIN SOURCES OF RISK

	Micro (Idiosyncratic) ⟵	Meso ⟷	⟶ Macro (Covariate)
Natural		Rainfall Landslides Volcanic eruption	Earthquakes Floods Drought Strong winds
Health	Illness Injury Disability	Epidemic	
Life-Cycle	Birth Old Age Death		
Social	Crime Domestic violence	Terrorism Gangs	Civil strife War Social upheaval
Economic	Unemployment		Output collapse
		Resettlement	Balance of payment, financial or currency crisis
	Harvest failure Business failure		Technology- or trade-induced terms of trade in shocks
Political	Ethnic discrimination	Riots	Political default on social programs Coup d’ état
Environmental		Pollution Deforestation Nuclear Disaster	

Source: Adapted from Holzmann and Jørgensen (2001:539).

Critical assessment of the risk model

Table 1 classifies the risks from an idiosyncratic individual level versus a covariate community level, based on the characteristic of the risk. As an example, *unemployment* is classified as an idiosyncratic risk at the micro level, indicating that unemployment affects the individual rather than the community. To a certain extent Holzmann and Jørgensen (2001) are correct in assuming that unemployment most severely affects the households suffering from unemployment. However, one can critically argue that classifying risks as either idiosyncratic or covariate is too simplistic. A line of thoughts derived from classifying risks at different community levels might generate misconceptions that *micro* levelled risks such as unemployment should be addressed at a household level, while *macro* risks require responsive strategies at a national, public level. Holzmann and Jørgensen (2001), assume that "while informal or market-based RM [risk management] instruments can often handle idiosyncratic risks, they tend to break down when facing highly covariate, macro-type risks" (Holzmann and Jørgensen 2001:539). This statement furthers ideas of informal risk management strategies being able to deal with domestic risks, while the formal public strategies should prevent macro risks, securing adequate economic and environmental infrastructure.

However, Table 1 fails to include limitations of individual capacities to mobilize assets and address their own unemployment. Not all individuals have the potential to become entrepreneurs. Classifying unemployment as an idiosyncratic risk promotes ideas of neoliberalism, transferring the responsibility from the community to each individual. Ultimately, a static understanding of this model can fuel a misconception of poverty as individual failure of risk management, without taking into account all aspects of vulnerability. Karnani (2009) argues that development strategies deriving from libertarian ideas results in an over-emphasis on individual poverty eradication through microfinance, while undermining the preventive responsibility of the state in providing adequate public services and infrastructure to reduce vulnerability. Karnani (2009:81) criticise how the word "entrepreneur" has been mainstreamed into a synonym of self-employment reflecting merely an individuals' ability to raise capital[2]. He argues that self-employment is often not driven by the creativity of an entrepreneur, but is rather a result of lack of secure income: "Most poor are not self-employed by choice and would gladly take a factory job at reasonable wages if possible" (Karnani 2009:81). On the other hand, research suggests that providing the poor with the opportunity to access loans through microfinance institutions might serve as *one tool* promoting poverty eradication. However, microfinance should not be considered a panacea to poverty eradication as its success depends on a range of *other supporting services* [such as education in adequate money management] (Weiss and Montgomery 2005:412-413).

The risk model is useful in terms of *identifying* the multiple sources of risks affecting the survival strategies of the urban poor. However, when assessing prospects and limitations of the urban poor risk management strategies, it is essential to embrace broader aspects of vulnerability analysis including asset management and social capital. As an example, one can argue that the social risks affecting the poor might also derive from intra-household conflicts, alcohol abuse or quarrels between neighbours (Moser 1998, Karnani 2009), aspects which are not considered in Table 1.

Risk Coping Mechanisms

In order to understand urban poor's prospects and capabilities of addressing vulnerability derived from internal and external risks, this study analyses urban vulnerability through the strengths and weakness of risk management strategies of the urban households. According to Holzmann (2001), individual household capacity' to manage risks is determined by the nature of the risk: "The capacity of individuals, households and communities to handle risk and the appropriate risk management instrument to be applied depend on the characteristics of risks: their sources, correlation, frequency and intensity" (Holzmann 2001:6). The following categorisation of different levels of risk management strategies, are adapted from Holzmann and Jørgensen (2001:541). The prevention-, mitigation- and coping strategies explore three

[2] Karnani's (2009) critique is based on defining an entrepreneur as "a person of vision and creativity who converts a new idea into a successful innovation, into a new business model" (Karnani 2009:81).

stages of risk management strategies. In line with the recognition that the risk model of Holzmann and Jørgensen (2001) is developed from an economic point of view, additional literature supplements the explanations in order to further clarify the linkages between the risk management strategies and urban vulnerability.

Prevention strategies

Prevention strategies *are introduced before a risk becomes blatant*. Good prevention strategies embrace sound macro-economic policies, public health initiatives, environmental ideals as well as education and training programs (Holzmann and Jørgensen 2001:541). In an urban context, prevention strategies could materialise as adequate infrastructure or employment opportunities. Gunetilleke *et al* (2004) identified a linkage between urban areas of Colombo with proper *settlement environments*, such as paved roads, drainage systems, schools, and the level of wellbeing expressed by the urban poor living in the environment (Gunetilleke et al 2004:24). In Sri Lanka, the Governmental poverty reduction programme, Samurdhi, can be mentioned as a national preventions strategy, aiming to address the livelihoods of the poor (Samurdhi Authority 2012).

Mitigation strategies

Mitigation strategies are similar to prevention strategies. But "whereas preventive strategies reduce the probability of the risk occurring, mitigation strategies reduce the potential impact if the risk were to occur" (Holzmann and Jørgensen 2001:541). Examples of risk mitigation strategies are: *i) portfolio diversification, ii) informal and formal insurance mechanisms and iii), hedging:*

i) Portfolio diversification points to mitigation of risks (particularly economic risks) through diversification of income and asset management. Portfolio diversification is highly dependent on individual and household capacities to manage their assets (Moser 1998, Karnani 2009). . In analysing the national poverty in Sri Lanka Narayan and Yoshida (2005:9) found that access to market and business opportunities had major impacts on poverty trends across the country. This illustrates that the urban poor's prospects of mitigating risk is not only determined by efforts put forward at a household level.

ii) Informal and formal insurance "are characterized by risk sharing (ie. risk pooling) through a number of participants whose risks are not (very) correlated. While formal insurance benefits from a large pool of participants, which results in less correlated risks, informal insurance has the advantage of low information asymmetry" (Holzmann and Jørgensen 2001:541).

iii) Hedging is based on "risk exchange and payment of a risk price to somebody for assuming that risk" (2001:542). Furthermore Holzmann and Jørgensen (2001:542) argue that elements of hedging can be found in informal family arrangements such as weddings.

Coping strategies

Coping strategies describe the strategies enforced to "relieve the impact of the risk once it has occurred" (Holzmann and Jørgensen 2001:542). Coping strategies are mainly informal risk coping mechanisms at individual/household levels. Savings, borrowing, migration, strengthening labour supply, reduction of food intake or the reliance on public and private transfers (Holzmann and Jørgensen 2001:542) are some relevant examples of risk coping strategies. Analysing risk coping mechanisms shaped through formal and informal networks might serve to improve household sustainability of poor urban families.

Linking the risk strategies to different levels of formality

Table 2 contextualises the range of risk management mechanisms in relation to the *level of formality.* The main purpose of Table 2 is to illustrate the range of risk management arrangements available at different levels in a community, ranging from the informal local arrangements to national public interventions. Similar to the risk management framework presented in Table 1, Table 2 conceptualises risk management arrangements in a way which includes both macro and micro level elements. The variety of risk management arrangements available within a community is highly relevant in order to understand the prospects of the urban poor to address their vulnerability. Holzmann and Jørgensen (2001) argue that the poorest are often excluded from most formal market-based arrangements, limiting them to addressing their vulnerability through informal arrangements: "The absence of efficient market-based or government-provided consumption-smoothing instruments often results in the use of costly informal coping mechanisms once the adverse income shock hits, such as pulling children out of school, reducing nutritional intake, selling productive assets, or neglecting human capital accumulation" (Holzmann and Jørgensen 2001:534). Table 2 links the proactive and reactive levels of risk management strategies with formal and informal arrangements available:

TABLE 2: LEVELS OF FORMALITY

Arrangement Strategies	**Informal**	**Market-based**	**Public**
Risk reduction	• Less risky production • Migration • Proper feeding and weaning practices • Engaging in hygiene and other disease preventing activities	• In-service training • Financial market literacy • Company-based and market-driven labour standards	• Good macroeconomic policies. • Pre-service training • Labour market policies • Labour standard • Child labour reduction interventions • Disability policies • AIDS and other disease prevention
Risk mitigation portfolio	• Multiple jobs • Investment in human, physical and real assets • Investment in social capital (rituals, reciprocal gift-giving)	• Investment in multiple financial assets • Microfinance	• Pension systems • Asset transfers • Protection of property rights (especially for women) • Support for extending financial markets to the poor
Insurance	• Marriage/family • Community arrangements • Share tenancy • Tied labour	• Old-age annuities • Disability, accident and other insurance (e.g. crop insurance)	• Mandated/provided insurance for unemployment, old age, disability, survivorship, sickness, etc.
Hedging	• Extended family • Labour contracts		
Risk coping	• Selling of real assets • Borrowing from neighbours • Intra-community transfers/charity • Sending children to work • Dis-saving of human capital • Seasonal/temporary migration	• Selling from financial assets • Borrowing from banks	• Disaster relief • Transfer/Social assistance • Subsidies • Public works

Sources: Adapted from Holzmann and Jørgensen (2001:544).

For this particular study, emphasis is placed on the informal strategies of *risk mitigation portfolios* and *risk coping*. However, Table 2 serves to illustrate the range of risk management instruments linked to different levels in order to prevent- and mitigate risks from occurring. The model thus serves to identify vulnerability in cases where households only have access to a limited range of risk management arrangements. Holzmann and Jørgensen (2011) argue that poverty generates *risk adversity*, which they consider to be an obstacle to benefiting from the economic opportunities created through globalisation: “This threat of destitution and non-survival renders the poor very risk adverse and as a result makes them very reluctant to engage in higher risk/higher return activities. As a consequence, the poor are not only incapable of seizing opportunities, which emerge in a globalizing world, but they are even more exposed to the increased risks, which the process is likely to entail” (Holzmann and Jørgensen 2001:536).

Social capital in risk management

Holzmann and Jørgensen (2001:543) argue that a plethora of informal risk sharing mechanisms through social networks exist due to lack of formal market-based arrangements. Both Holzmann and Jørgensen (2011) and Collins *et al* (2009) identify informal arrangements as key strategies of the poor in terms of coping with risks. Collins *et al* (2009) present interesting observations regarding how the poor implement risk management in complicated *cash-flow management* systems as a way of securing a sustainable livelihood. The publication “How the World’s Poor Live on $2 Dollars a Day” offers valuable insight into the economic risks faced by the urban poor with unpredictable income, and how risk coping strategies embrace both formal and informal mechanisms to mitigate risk. Holzmann and Jørgensen (2011) argue that the informal risk sharing arrangements “are a form of mutual insurance that provides for those in need, are guided by a principle of balanced reciprocity, and are not insurance in the conventional sense” (2011:534). Furthermore, they list four implications affecting the informal arrangements:

- *The very poor are usually often excluded since no counter-gift can be expected;*
- *They tend to break down or become ineffective in case of large and covariate shocks;*
- *Strong social pressure is exerted to enforce commitment, and this is often linked with growth-inhibiting social structures (Platteau 1999); and*

- *A "commitment technology" of often ceremonial and expensive gift exchange is used, which can amount to a major share of income (Walker and Ryan, 1990)*

Source: Holzmann and Jørgensen (2011: 535)

Re- operationalizing the risk framework

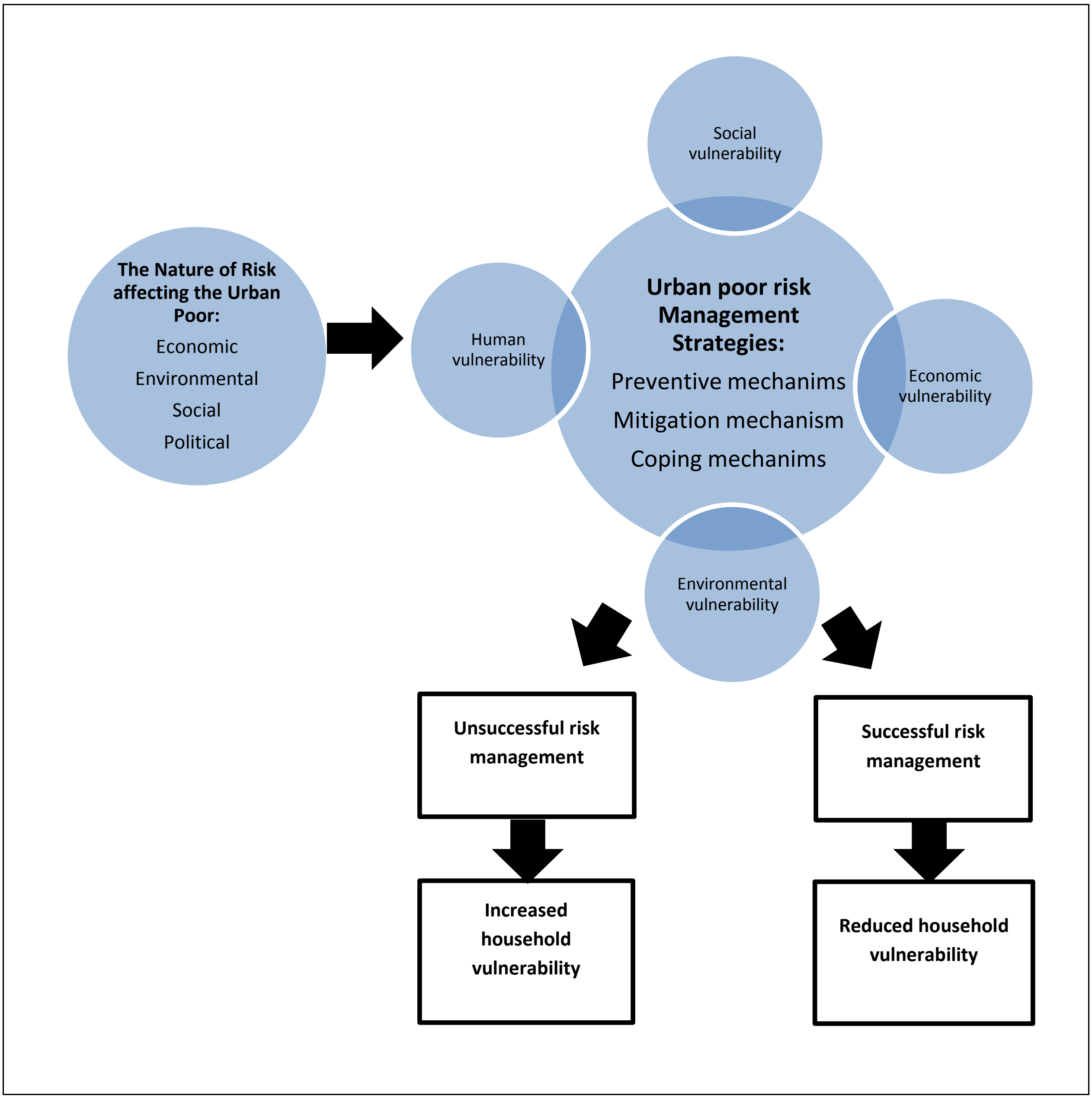
The risk coping model sets forth to assess the linkages between *risk vulnerability* and *risk coping mechanisms*. By including non-economic risks, the research seeks to analyse the urban poor's capacities and limitations to address internal and external risks through formal - and informal arrangements. The theoretical framework combines elements of risk management developed by Holzman and Jørgensen (2001) with social capital, and capacity to manage assets. Analysing urban poverty through a risk management framework enables the researcher to approach urban poverty as a dynamic phenomenon, recognising the contextual variables, such as alcoholism (social risk) or floods (environmental risk) affecting chronic vulnerability and prospects of escaping urban poverty.

Based on the findings from urban poverty studies in Colombo (Gunetilleke *et al* 2004, Jayaratne *et al* 2002), the risk categorisations of Holzmann and Jørgensen (2001) have been modified to secure a dynamic framework identifying the sources of risk relevant for this particular study. As an example, *alcoholism* has been added to the social risks category. Given the fact that the resettlement of the community has not yet been enforced, this study recognises *the risk of relocation* primarily as an external political risk, and not as an economic risk. However, the risk of relocation leading to increased economic vulnerability will be discussed as a hypothetical scenario.

- *Economic risks (unpredictable income)*
- *Environmental risk (combining natural risks and environmental risks: heavy rain, flooding)*
- *Social risks (life-cycle activities, domestic risks, alcoholism)*
- *Political risks(governmental land strategies, ethnic discrimination)*

Model 1 combines the characteristics of different risk sources in relation to the risk management mechanisms available in the community. The model illustrates how the urban poor face risk by addressing their vulnerability through different sources. At the core of the risk management framework is that failure to prevent- and mitigate risk at different levels increases the vulnerability of a household. Simultaneously, the urban poor's capacity to address risk is influenced by the economic -, social- and environmental vulnerability of the household.

MODEL 1: RISK MANAGEMENT FRAMEWORK



- Source: Ideas from the risk management framework (Holzmann and Jørgensen 2001) have been modified by author to embrace aspects of vulnerability which might influence a household's capacity to manage risk.

CHAPTER FOUR: URBAN POVERTY IN SRI LANKA

This section will clarify the characteristics of urban poverty in Sri Lanka, and explain the context in which the study has been undertaken. Central to the understanding of urban poverty in Colombo are the challenges derived from underserved settlement (USS), informal employment, day-to-day income and relocation. The latter part of the chapter will explain some characteristics of the study area, Kimbula-Ela. Special emphasis is put on elaborating contemporary issues such as *housing conditions* and *informal employment*, which are underlining contextual factors of particular relevance for understanding risk management strategies of the urban poor. As little research has been done on the area, input from the respondents is of significant value in terms of explaining the characteristics of Kimbula-Ela.

Statistics on poverty in Sri Lanka

According to the Sri Lankan Department of Census and Statistics (DCS), the national poverty level in Sri Lanka has declined from 15.2 % in 2006/7 to 8.9% in 2009/10 (DCS 2011). These statistics include both urban and rural poverty. When looking into regional statistics on urban Colombo, data suggest a decline in poverty from 5.4 to 3.6 per cent in the same period (DCS 2011:2). In order to adjust the poverty index to the current PPP in Sri Lanka, the DCS updates the poverty index monthly. Table 3 demonstrates the changes in the Sri Lankan official poverty line (OPL) the last five months.

TABLE 3: NATIONAL AND DISTRICT LEVEL (COLOMBO) OPL IN SRI LANKA

Year/Month	**National**	**Colombo**
2011 December Rs.	3307	3542
2012 January Rs.	3316	3551
2012 February Rs.	3329	3565
2012 March Rs.	3401	3643
2012 April Rs.	**3423**	**3666**

Source: DCS 2012 (* reflecting minimum expenditure per person per month to fulfil basic needs)

In February 2012 the OPL in Sri Lanka was set to LKR 3329 (approximately 26. 4 USD). At a regional level, the poverty index in Colombo counted LKR 3565 (approximately 28. 5 USD), adjusted to the higher living expenses in urban areas. The index measures "minimum expenditures per person per month to fulfil the basic needs" (DCS 2012).

Compared to international standards of poverty measurement the official poverty line in Sri Lanka embraces only the *absolute* poor living on less than 1 dollar a day. Hence, the poverty index excludes *relative* poor households in Sri Lanka living on 2-3 dollars a day. Additionally, one can critically argue that the OPL fails to reflect the real consumption costs faced by the lower income population. Although there has been an increase in the Sri Lankan OPL the last months, an increase of roughly 100 rupees, does not sufficiently respond to the 27 % increase in oil prices, which took place in February 2012. According to *Sri Lanka Internet Newspaper*: "[…] state-owned Ceylon Petroleum Corporation [raised] the price of a liter of diesel by Rs.31 to Rs.115, effective from midnight Saturday [11th of February]." (Lanka Page 2012a:para4). There is thus reason to argue that poverty statistics produced by the DCS fall short in terms of reflecting the broader dimensions of poverty in Sri Lanka. Gunetilleke and Cader (2004) support this perception in stating that "urban poverty in Colombo, as is the case frequently in developing economies, is characterized 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 basic services" (Gunetilleke and Cader 2004:3).

The working poor

An ILO report on *Sri Lanka's working poor*, authored by Ramani Gunatilaka in 2010 portrays a link between poverty and employment opportunities. One of the key findings from the quantitative ILO survey suggests that "13.7 per cent or roughly a million of employed Sri Lankans were poor in 2006/07" Gunatilaka (2010:40). When estimating that 13.7 per cent of employed Sri Lankans were poor, the statistic builds on the Sri Lankan OPL from 2006, estimated as Rs. 2233 (Gunatilaka 2010:6). Gunatilaka (2010) argue that multiple variables trigger the likelihood of being a working poor. The report found that "the working poor are unable to get the jobs that reward their endowments of education in the same way that the jobs of the working non-poor reward theirs. Hence, there appear to be problems of labour market segmentation, with the working poor being unable to access better employment opportunities which similarly qualified working non-poor do" (Gunatilaka 2010:43). The same reflections are found in characteristics of the urban poor of Colombo, embracing descriptions of insecure employment, insecure tenure and vulnerability derived from social exclusion (Jayaratne 2002, Gunetilleke *et al* 2004).

The informal sector of Colombo

In 1979 the Marga Institute produced a survey on the informal sector of Colombo City. The Port of Colombo was identified as the key market area as "the economic activities of the city converge and concentrate in the section of the city around the Port" (Marga Institute 1979:8-9). The Fort-Pettah ward, the area covering Colombo Port and the market areas located north of the Port, served as an extended commercial arm for the Port with high density informal economic activities (Marga Institute 1979:9-10). The Marga Institute survey team categorised the informal sector into six major units; *1) Trade and commerce* (trading activities catering to various consumer needs), *2) Manufacturing and processing* (small scale manufacturing units and food processing units), *3) Services* (including causal labour force), *4) Transport,*(small scale operation of motor vehicles and hand carts) *5) Agriculture and fishing, and 6) Construction* (masonry, brick laying etc.) (Marga Institute 1979: 27-28). According to Marga Institute 56.60 per cent of the 30.058 informal workers registered in the survey, were engaged in trade and commerce in Colombo, 21.68 per cent were engaged in services, 12.35 per cent worked in the manufacturing and processing, 8.02 per cent were involved in transport, while only 2.94 per cent were involved in agriculture and fishing, and 1.41 per cent were engaged in construction work (Marga Institute 1979:27-28). These characteristics from 1979 still represent valuable contributions towards understanding the nature of urban poverty and insecure IGAs in Colombo 2012.

In 2002 Jayaratne *et al* argued that "The urban poor of Colombo mainly consists of those engaged in informal sector activities and the blue collar workers of the city's main establishments such as the Port, the industries, the railway, the city markets, the municipality and hundreds of other formal and informal establishments" (Jayaratne *et al* 2002:4). In 2004 Gunetilleke and Cader came to the same conclusion: "Semi-skilled wage labour is the most common form of livelihood among poor households" (Gunetilleke and Cader 2004:3). Both Jayaratne *et al* (2002:12) and Gunetilleke and Cader (2004) argue that in addition to informal employment, the urban poor survival strategies are affected by domestic challenges such as violence and alcoholism, and insecure housing: "Lack of security of tenure for urban poor has created a strong barrier for them to improve their livelihoods assets" (Jayaratne 2002:12).

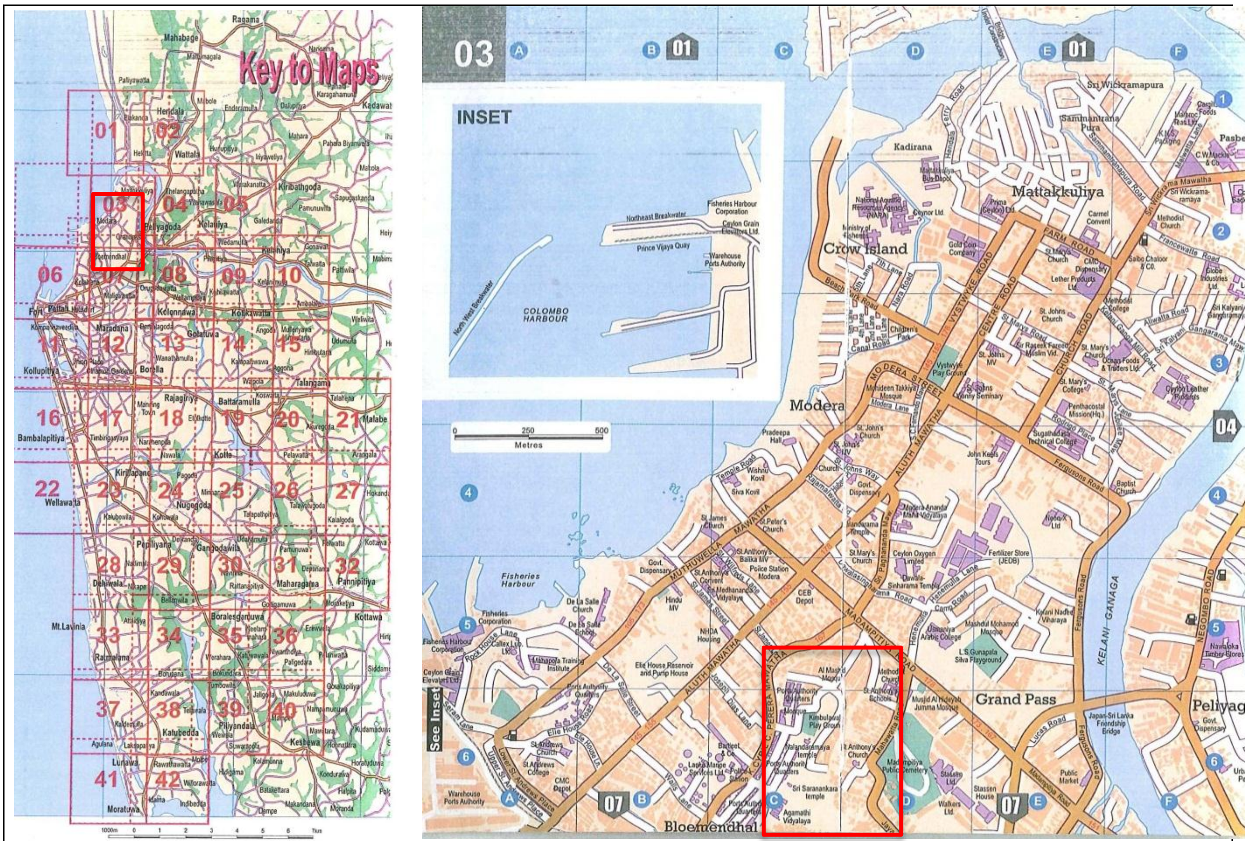
Introducing the study area: Kimbula-Ela

Kimbula-Ela is located in Grandpass North, a northern district of Colombo City, Sri Lanka. "Kimbula-Ela", meaning crocodile in Sinhala and Tamil, is a flood prone *marshland* area, characterised by high unemployment rates and drug crimes. According to Jayaratne *et al* (2002:20) Grandpass North is one of the areas with the largest concentration of low income households in Colombo. Few people have secure income, but rely on day-to-day employment opportunities within the informal sector. Some people are well above the poverty line, while others struggle to keep the balance on a thin line of insecure income, falling in and out of poverty. (One of the latest reports on urban poverty in Colombo, made by the CEPA, covers Madampittya, an area close to Kimbula-Ela). The people living in Kimbula-Ela conforms to the urban poverty definition of Jayaratne et al (2002), both related to informal work and social exclusion. One of the respondents used these words when describing Kimbula-Ela:

"Only in cases of floods does the government come. Otherwise we don't see any people. This area is almost completely neglected. The Government does not recognize the existence of the area. The area is feared by the governmental people. Fortunately the area is much better than what people from the outside think. People of the area have improved, but people from the outside don't. When we went to a school with the child and told that we came from Kimbula-Ela, they gave us a funny look. If the police see my son leave Kimbula-Ela they will ask him a lot of questions. They might even put him behind bars" *[R28 Female 53, Sri Lanka Muslim, living in a brick house, sometimes short of money]*.

MAP 1: COLOMBO AND GRANDPASS

The map to the left shows the location of Grandpass in the north-west area of Colombo City. The map to the right circles out Kimbula-Ela in Grandpass.



- Source: Greater Colombo Street Atlas (2009), Sarasavi Publishers, Colombo

Illegal settlement and relocation

Kimbula-Ela is dominated by informal settlements. According to a key informant, 25 years ago the research area was farmland, which people slowly started to occupy due to population growth and lack of housing options. Thus, many houses were constructed without any legal permission. A great range of terms and definitions exist describing the low-income settlements in urban Sri Lanka. Jayaratne *et al* (2002) differ between slums, shanties and low cost flats (labour quarters): “A majority of slums and labour quarters were located in the northern and central parts of the cities, while the shanties (squatter settlements) are spread along canal reservations, railway line reservation and in low lying swampy areas located mainly in the eastern and southern parts of Colombo city" (Jayaratne *et al* 2002:4). Gunetilleke *et al* (2004:14) use the term *underserved settlements* (USS), referring to areas of illegal settlement and lack of government provided services, such as legal electricity- and water supply. "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" (Gunetilleke and Cader 2004:3). To some extent Kimbula-Ela falls in the category of *underserved settlement* (USS). By law Kimbula-Ela belongs to the Colombo Port Authorities and the area will eventually be cleared for Port development purposes; the *Colombo South Harbour Development Project* (Sri Lanka Ports Authority 2007). Hence, illegal settlers face the external risk of being relocated by governmental authorities.

The risk of relocation described by the respondents:

"We are illegal occupants. This land belongs to nobody, but is claimed by the people across the streets. We have no address. When we go for assistance we have no papers as proof. We are faceless people. The government has interviewed us. They told us that we will not get a place to stay because we are illegal occupants. All the houses on the other side have included the names of the occupants, but this house was not included [referring to her relatives whom own the house across the street, to which the plank house legally belongs]. We went to the Urban Development Office and told them that our names were left out of the survey. They told us that our place has no number and that we have no right to claim anything since we are illegal occupants".

[R13, Female 25, Tamil, Hindu, living in a shack, always short of money]

"The main worry is the relocation. If we will break up and leave, we will break up immediately. We have 2 daughters. One daughter is without a house. We would like to prepare an extra room for her. But in order to do so, we will need to take up a loan of 200,000 rupees, but we don't know what will happen. There is a big question mark. That is a big worry to me. The Census Department came here with a camera. They made me stand in front of the house with a number sign, while they took a picture of me. The number should indicate the house number. All details concerning the household were taken. I listed my daughter, who does not have a house, as a member of this household. 25 years back we were evicted from another area within Colombo, as the government was building the Harbour Approach road. We were offered this place as an area for temporary settlement. The Government said: "you can occupy, but you can't own". We could only live in small houses. So in that aspect we cannot blame [the government]. This is a problem that has been going on for 25 years".

[R12, Male 60, Singhalese, Roman Catholic, living in a brick house, sometimes short of money].

The practice of relocating settlements is a common feature in the Sri Lankan urban macro development strategies. Households were relocated in Hambantota for the purpose of building Hambantota harbour. Likewise, areas close to the railway lines in Slave Island, Colombo have been cleared for shacks (observations made by researcher, January 2012). According to

CEPA; “Most of the settlements considered illegal are those occupying railway, canal, or other reservation land” (Gunetilleke *et al* 2004:14). Particularly, shack dwellers face the greatest risks of being relocated, as more permanent housings have obtained a “right of residence, albeit not one sanctioned legally” (Gunetilleke *et al* 2004:14), through decades of existence. For those who are in the way of the macro development plans, the insecurity related to relocation affects their ability to assess long term investments:

Housing pattern in Kimbula-Ela

In line with the housing categorisations utilized by Gunetilleke *et al* 2004, this study will distinguish between two housing categories; *Shacks* and *brick houses*. Below follows brief explanations of the categories, including some explanatory views made by the respondents themselves. Additionally, Image 1 illustrates the different housing categories in Kimbula-Ela. This study will argue that the housing conditions of the respondents are relevant factors in terms of understanding the urban poor’s capacity to mitigate both environmental and economic risks. Currently, a CEPA research team is working on developing a report which aims to identify the difference between, and the characteristics of, shacks and slums in Colombo (personal conversation with CEPA staff on Jan 15th 2012). Shack dwellers are defined as illegal occupants by the government. Shack dwellers and others who do not qualify as permanent residents risk being evicted without being provided with alternative housing options.

Temporary shacks

The housing in the area consists of a mixture of concrete houses and wooden shacks. There is a clear divide in the housing pattern. The wooden shacks are lined up along the shoulder of the road, between the rest of the community and the wetlands. During the rainy season people living in the shacks face major challenges due to water coming into the house from both sides. One respondent described their living conditions like this: “The level of the house is lower than the road level. Thus, when it rains the water from the road is drained into the house. At the same time, the wetlands behind the house keep rising and water enters the house from behind. The water in turn makes the toilet run over. Thus, we have dirty water from the road, dirty water from the wetland and dirty water from the toilet filling up the house from the inside. At times it can rise to a meter”. *[R13, Female 25, Tamil, Hindu, living in a shack, always short of money]*

Permanent brick houses

Just across the road from the wooden shacks, a line of brick houses represents a second housing category. These houses are also prone to flooding during heavy rainfall, but some of the households have raised the level of their house with an extra layer of concrete floors and doorsteps, preventing the flood water from entering. Still, they face challenges derived from leaking roofs. Here follows two quotations representing different experiences: “When it rains we have to rotate our belongings to keep them from being damaged by water leaking from the roof”. *[R1, Female 44, Tamil, Roman Catholic, living in brick house, always short of money]* Another respondent explained that: “We do not have many challenges related to floods, because the street is well drained. However, due to increasing population some households extend their house by building an extra room in the street, which blocks the drainage and causes problems when it rains. But if water should enter, we just carry everything upstairs to keep it dry” *[R7, Female 43, Tamil, Roman Catholic, living in a two-storied brick house, never short of money]*.

IMAGE 1: HOUSING CATEGORIES IN KIMBULA-ELA

Photo A: *Example of upgraded settlement, brick house. Upgraded houses are built in durable materials and have legal water- and electrical supply.* Source: Author

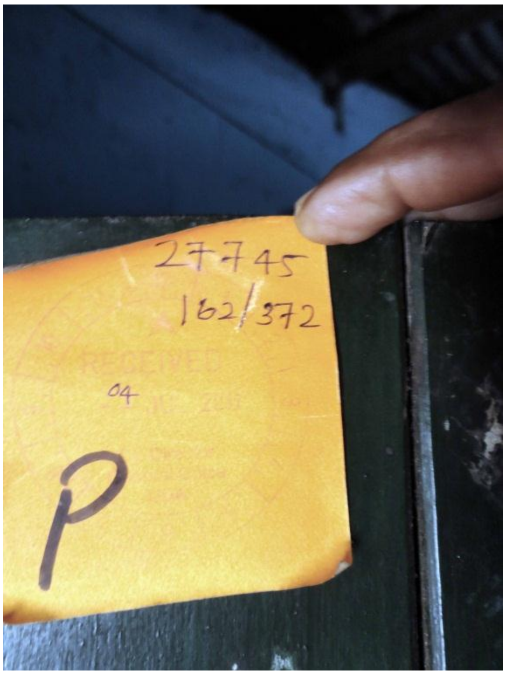


Photo B: *P for Permanent: Houses who are considered legal by the government have been marked with a P. This P indicates entitlement to a new house when the settlement is to be relocated from Kimbula-Ela.* Source: Author

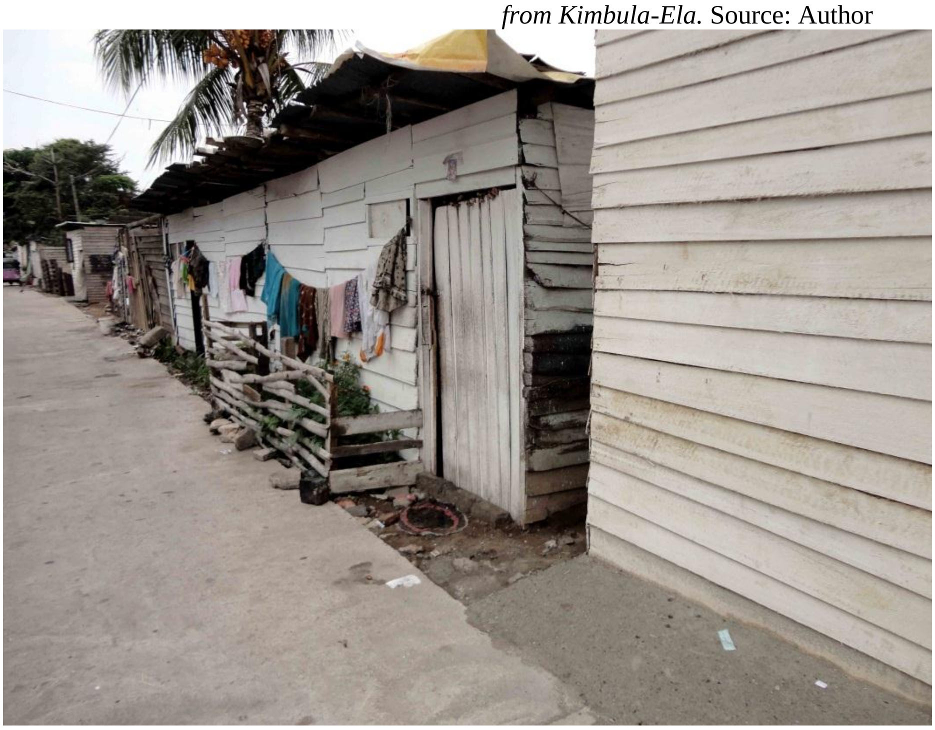


Photo C: *Example of underserved settlements: Shacks. Some shacks have electrical- and water supply through extended wires and pipes connecting them to the upgraded houses across the street.* Source: Author

CHAPTER FIVE: RESEARCH METHODOLOGY

This chapter will elaborate on the qualitative methods used in the process of collecting data. The strengths and the limitations of the methods will be assessed. Simultaneously, this chapter will clarify the usage of purposive sampling in allocating respondents. Altogether 41 semi-structured interviews and 3 focus group discussions have been conducted. 34 women and 7 men were included in the interviews.

Applying qualitative methods in social science research

Parker and Kozel (2007) recognise the value of qualitative research as particular relevant when seeking to understand the contextual triggers of poverty, which is less likely to be detected through quantitative methods: "Attempts to address ''why'' questions through survey questionnaires have proven disappointing […]. Qualitative research, which is flexible, opportunistic and heuristic, provides more appropriate techniques for this purpose. Because qualitative researchers do not have to assume (e.g. through pre-coded survey questionnaires) that they know already the possible universe of responses, they are prepared to follow up any unexpected responses and pursue them—using probing and improvisation—as opportunities to gain new and previously unexpected information" Parker and Kozel (2007:298).

Semi-structured interviews

The main methodology for this master thesis has been semi-structured interviews. This has proven an efficient method for the purpose of this study, providing the researcher with the opportunity to ask *follow-up questions*, and to adjust the interviews according to gained information (Bryman 2008:437). By applying a mixture of both closed-ended and open-ended questions, the interviews became dynamic and were able to accurately capture the characteristics of each respondent. Bryman (2008:438) states that semi-structured interviews allow the respondents to elaborate on given topics. At times, the most interesting views were expressed during informal conversations, when we were about to leave the household after having finished the formal interview. The same was true when the respondent was given the opportunity to add any information he or she felt was missing from the interview.

Focus group discussion (FGD)

Towards the end of the data collection period three informal focus group discussions were arranged in the area. Respondents who demonstrated high levels of risk coping strategies during the semi-structured interviews were particularly encouraged to participate. The focus group discussions served to complement the findings from the individual interviews as well as generate more ideas through dialogue. The main themes discussed during the focus groups were a) Business failures and increased indebtedness, b) The role of social and religious networks in risk management, and c), Prospects of community cooperation towards reducing risks. Even though respondents from different religions were invited to participate, the majority were Roman Catholics and no Muslims or Buddhists joined. Each focus group discussion lasted about 2 hours. Table 4 presents the participants and the key themes discussed.

TABLE 4: CLARIFYING THE THEMES AND THE PARTICIPANTS OF THE FEMALE FOCUS GROUP DISCUSSIONS

Date of focus group discussion	**Theme for the discussion**	**Number of participants**	**Religions represented in the discussion**
21.02.2012	Business failures	5	4 Roman-Catholics 1 Hindu
23.02.2012	1. Continuing the discussion on business failures 2. Women dealing with domestic social risks 3. Prospects of community cooperation towards reducing risks	8	5 Roman-Catholics 2 Other Christians 1 Hindu
14.03.2012	Closing session: 1.Food exchange across religions 2.Sum up of findings	10	8 Roman Catholics 2 Other Christians

* Comments to table: In addition to the women registered as active participants. A number of additional women popped their heads through the doorway and observed parts of the discussion. Others, who are registered as participants, joined only parts of the discussion as they had other duties to attend to. As the discussions were hosted by “Darshini”, it was important that the discussions were open sessions where anyone could come. “Otherwise, people will spread bad rumours about me”, she explained.

Purposive sampling/ Snowball sampling

A majority of the respondents have been allocated through purposive sampling, embracing respondents directly related to the issue of analysis (Bryman 2008:375). Respondents have been selected based on their houses being located in flood prone areas close to the wetlands. Additionally, some respondents have been allocated through "snowballing", generated through the social networks within the community. Nonprobability sampling methods, as utilized in this case study, limit the scope of the research particularly through *lack of wide generalizability* (Berg 2007:44). It has been important to select respondents who are both primarily (*directly*) affected and secondarily (*indirectly*) affected by floods because they live within the same community and participate in each other's daily activities. They share elements of the same urban poor survival strategies; while at the same time, represent the complex differences. It has also been an aim to include respondents from different religions in order to see if religious networking might have any effect on the way people cope with risks, through extended social networks. The religious affiliation among the respondents is presented in Table 5.

TABLE 5: RELIGIOUS AFFILIATION AMONG RESPONDENTS

Religion	**Number of households interviewed**	**Primarily affected by flooding**	**Secondarily affected by flooding**
Roman-Catholic	16	7	9
Other Christians	6	2	4
Hindu	8	4	4
Muslim	8	1	7
Buddhist	3	1	2
Total number of households	41	15	26

Grounded theory

This thesis has adopted the principles of *grounded theory* throughout the process of data collection. The topic of risk management was chosen out of curiosity towards understanding the mechanism of chronic vulnerability and poverty. The social risk management framework served as a springboard in terms of mapping the risks of the community, and understanding the internal and external risks which had to be explored. In terms of understanding the complex dynamics of risk mitigation – and coping strategies, knowledge was established through repeated field visits, manoeuvring through a variety of elements such as social capital, cultural traditions and stories of business failures. Throughout the interviews new elements emerged and the interview guide was in a perpetually dynamic state. Questions which proved to be of less relevance were given decreased attention. For instance a section in the interview guide devoted to family enterprises, proved to be useless as most families had only one or two working members, working in separate fields. Simultaneously, day-to-day income generated through *ad hoc* work did not fit into the context of family enterprises. In the end, my task became to understand how livelihoods were patched together through careful asset management, risk mitigation and a bit of luck. Throughout the row of interviews new aspects emerged. In particular, the relevance of religious networks and informal food exchanges across religions appeared in the latter part of the line of interviews. Thus, 20 respondents were re-visited and interviewed about additional topics in order to verify these new elements.

Limitations of method

My inability to speak Singhalese and Tamil has clearly been a disadvantage. To a certain extent I was unable to control the reliability of the views made during the interviews, and I missed comments the interpreter did not translate, which I might have found valuable in terms of further investigation. That being said my interpreter did an excellent job and I feel comfortable that he served as an objective middleman during the interviews. As a local, he spoke both Tamil and Singhalese, and had explicit knowledge about the challenges associated with the area of investigation. Thus, his contribution was invaluable in order to increase my understanding of the context and the codes of behaviour within the area. He always made sure that the people in the area were aware of the purpose of the study, and his mild personality was beneficial in terms of people's willingness to participate.

Shortcomings in the semi-structured interviews

There are shortcomings in the findings. One of the challenges has been to map the IGAs among the respondents. Even though questions have been asked in multiple ways, it is difficult to fully grasp the complexity of the survival strategies of the respondents. For instance it has been a common feature within the interviews that the respondents portray their households as poorer than they appear. Particularly, during interviews in Muslim households, there has been a great discrepancy between the daily income stated by the respondent and the assets visible within the household. The reasons behind people's reluctance to reveal income data can be many. Collins *et al* (2009:208) attributes the challenges of data validity on cash flow management to lack of knowledge and trust among the respondents. When approaching the financial lives of the poor through portfolios Collins *et al* (2009) experienced that repeated visits were essential in order to establish ties of trust between researcher and respondents. Having made 6 interviews with each respondent, the research team stated that the *margin of error in reported cash flows had decreased to an average of 6 per cent* (2009:209). These statistics indicate the likeliness of elements of low data reliability when assessing the survival strategies among urban poor in Colombo.

In response to the challenges of data validity faced in the Sri Lankan context, a key informant argued that in some Sri Lankan households, the husband hides some of his income from his wife. Hence, the *750* rupees referred to by the wife as the household income, is in reality only her "pocket-money", while the husband brings home meat and other household items, (in addition to the hidden amount). This inconsistency in the respondent's willingness or ability to share details from their household economy might also be attributed to people's wealth. Throughout the process of data collection respondents managing their risk successfully expressed greater concerns about getting into trouble. They do not mix with others in the community and they do not express political opinions in public. Some respondents feared that we were government agents who came to demolish their houses. Others again, feared that our interviews had a hidden agenda of inspiring people to resist the government plan of relocating settlements, and that they could get into trouble if we visited only their house. However, only one household refused to give an interview.

Ethical considerations

Each interview session lasted between one and two hours. As the respondents depend on day-to-day earnings, it can be argued as unethical to occupy their valuable time for a research project. However, most interviews were conducted between 9:00 am and 1:00 pm, when the children had gone to school and before the housewives started preparing the lunch. The interpreter was very cautious to build trust with the respondents. Every interview session began with introducing the purpose of the study, underlining the importance of anonymity and highlighting that there would be no benefit generated from participating. All interviews were conducted in the houses of the respondents, which added an extra dimension to the interviews, allowing the researcher to observe elements of risk mitigation strategies within the household. The respondents were able to illustrate their statements by pointing to the holes in the roof, illustrate the level of water entering the house during floods, or demonstrate the products produced through their family enterprise.

One issue, which might be criticized, is the lack of privacy surrounding the interview sessions. During the interviews people kept popping their heads through the doors. Instead of chasing people away, we avoided the most sensitive issues, such as political perceptions, while people were appearing in the doorway. A few times when the room became crowded, we reminded those uninvited of the importance of privacy during interviews, but the answer was always "*I am part of the household*" or "*She is like a sister to me*". Thus, the Sri Lankan definition of extended households affected the interview session in terms of respondents including family members in the interviews. At times several persons were complementing the answers made by the respondent. For the sake of simplicity, personal data has only been registered on one person from each household. This is in order to avoid overlapping, where different respondents represent the same household.

The security of the respondents

The execution of the research process followed the guidelines of ethical practice as developed by the British Sociological Association (BSA), securing that all participants were informed about the research objectives, the policies of anonymity and the participants' rights to withdraw from the project at any time (BSA 2002). The researcher took into consideration the ethnic conflicts in Sri Lanka, and thus treated all data related to ethnicity and discrimination with great sensitivity. Social science research in Sri Lanka should be executed carefully, recognizing the context of the post ethnic conflict between Singhalese and Tamils.

A majority of the respondents expressed concern towards discussing politics and openly engage in community groups. Statements such as: "*We are Tamils*" or, "*We are minorities. It is dangerous to criticise*" were common explanations on lack of community meetings in the area. Initially, I wanted to interview the local municipality representative, whom served as the linkage between the local community and the government. However, in order to protect my respondents I chose not to go through with the interview. This decision was made based on a majority of the respondents expressing concern towards involving the Municipality member in the research. People in the area had experienced politically motivated attacks, and their explicit fear derived from the representative identifying them – or perceiving them – as opponents. As the community is characterised by high population density and transparent information flows between neighbours, there was a genuine risk that the municipality representative would be able to identify respondents without much effort.

CHAPTER SIX: URBAN POOR LIVING WITH RISK

The core focus of this study is to understand the dimensions of urban poverty in Kimbula-Ela, through exploring the urban poor's survival strategies and capacities to manage risk. This chapter presents the findings from the fieldwork. All though the findings are highly interrelated, the findings will be presented in three sections including; *i)* Exploring how risk affect the urban poor households *ii),* Strengths and limitations of risk management strategies and *iii),* Discussing the value of social capital in risk management strategies. The findings will be discussed in relation to the literature and theoretical framework presented in chapter two and three.

i) RISK EXPOSURE AND VULNERABILITY LEVELS

Understanding urban poor vulnerability

In order to compare levels of vulnerability, the study links economic situations with environmental and social risks faced by each household, before analysing the household's ability to mitigate and cope with risks. The respondents were asked to categorise their economic situation as *always short of money, sometimes short of money* or *never short of money*. Twenty one respondents characterised their household as always short of money, 17 respondents argued that they are sometimes short of money, while the remaining three households stated to be never short of money. The majority of the respondents depend partly or completely on day-to-day income, which is insecure and depends on demand. The respondents gain their income working as informal labourers at the fish market, loading vehicles or packing tea at the tea factory. Some own or rent three-wheelers, generating income as taxi drivers. The majority of the women, who work outside the home are, not surprisingly, engaged in household work. Muslim women are the exception to this rule. Some also supplement the household income through domestic family enterprises. Table 6 illustrates the wealth affiliation among the respondents:

TABLE 6: WEALTH AFFILIATION AMONG RESPONDENTS

Respondents' perception of economic situation	Number of respondents
Never short of money	3
Sometimes short of money	17
Always short of money	21
Total number of respondents	41

Source: Findings from semi-structured interviews

Lack of opportunities and preventive strategies

The respondents argued that the vulnerability of their livelihoods derived from being exposed to multiple risks, without having access to the proper instruments to address the challenges. The majority of the respondents argued that unemployment, or lack of sufficient employment opportunities, is the number one risk jeopardizing the sustainability of their household. Second, entail risks derived from flooding and seasonal income variations. All 41 respondents stated food as their main expense, followed by electricity, water bills and school fees. Respondents frequently affected by floods also stated that house repair was a seasonal expense. Some of the households interviewed stated that at least one of their family members is addicted to alcohol, which affects the household's capacity to manage risks. Table 7 demonstrates the sources of risks, which the respondents identified as challenging the sustainability of their livelihoods.

TABLE 7: RISK EXPOSURE

Type of risk	Main risks identified by the respondents
Economic risks	Seasonal unemployment Lack of sufficient employment opportunities Business failure, debt
Environmental risks	Flooding, heavy rain
Social risks	Alcoholism, drugs Neighbours fighting Divorce
Life-cycle risks	Old age, illness Death Wedding celebrations
Political risks	Resettlement

Source: Findings from semi-structured interviews

Analysing the risks identified by the respondents in Table 7 in relation to the *main sources of risks* presented in Table 1, the households of Kimbula-Ela are exposed to risk at a micro, meso and macro level. These risks will be further discussed throughout this chapter, analysing how risk exposure generates vulnerability, and how this affects household's survival strategies.

Defining successful households

During the semi-structured interviews, the respondents were asked to explain what they consider to be a successful household. The answers embraced a great range of views; including sufficient income, wise decision making and modest consumption pattern.
It is also a common perception that households who have one or more family members living and working abroad, or have their own shops or vehicles, are in a better position than others. One of the respondents stated four reasons when describing why some people are more prosperous than others: "*1)* Women of the household work abroad, earning money to build houses and pay for her children's marriage. *2)* The household has good, permanent employment, passed on from father to child. 3) The money they earn they lend on interest. *4)* Rich households are involved in illegal underground businesses" *[R39, Female 30, Tamil, Christian, living in a brick house, always short of money]*. These perceptions of factors influencing household sustainability in Kimbula-Ela, demonstrate interplay of physical-, human- and social assets, which is similar to the rural poverty indicators, identified by Narayan (1997). Yet, the emphasis on immigration as a key strategy to escape poverty represents another dimension of survival strategies. The emphasis on immigration as a key to household sustainability is also congruent with the perceptions of Gunatilleke and Cader (2004), presented as: "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" (2004:4).

Based on the answers provided by the respondents, table 8 presents the characteristics associated with three wealth categories: The findings in table 8 supports the findings of Narayan (1997), describing the key features of wealth categories by both economic and non-economic factors, such as housing conditions and social capital. Furthermore, this section will discuss the nature of vulnerability derived from different risk sources; being economic-, environmental or social vulnerability.

TABLE 8: IDENTIFYING VULNERABILITY

Wealth ranking categories and associated characteristics described by the respondents:

Wealth category	Economic situation	Environmental situation	Social situation
A: Never short of money	▪ Savings ▪ Secure income ▪ Family members working abroad ▪ Not indebted or able to manage their debt ▪ Access to formal market-based arrangements	▪ Household and income unaffected by floods	▪ Strong social network ▪ Children in school ▪ Family members who contribute to the economy have studied at all levels
B: Sometimes short of money	▪ Some savings ▪ Day-to-day income ▪ Seasonal income ▪ Sometimes indebted ▪ Diversified income as risk mitigation strategy ▪ Vulnerable to changes in the market economy ▪ Depending on both formal and informal arrangements to cope with risk	▪ Household and income moderately affected by floods	▪ Moderate social network ▪ Moderately affected by alcoholism and/or illness ▪ Children in school
C: Always short of money	▪ No savings ▪ Day-to-day income ▪ Seasonal income ▪ Have experienced business failure ▪ Always indebted ▪ Diversified income as risk coping strategy ▪ Vulnerable to changes in the market economy ▪ Depending on multiple informal arrangements to cope with risk	▪ Household and income affected by floods	▪ Weak social network ▪ Affected by alcoholism and/or illness ▪ Children in school

Source: Findings from semi-structured interviews

Table 8 sums up factors describing different levels of urban household vulnerability. The findings presented support many of the key observations made by Gunetilleke and Cader (2004) in their analysis on prospects and obstacles to urban poverty reduction in Colombo. They concluded that: "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" (Gunetilleke and Cader 2004:4). Before moving on to discussing the nature of vulnerability, a brief discussion on the prevention strategies assessed by the community:

Securing human assets

One of the strongest long-term preventive strategies in the community is the schooling of children. Almost all 41 households included in the survey, argue that their children receive education in either public schools or private schools run by religious institutions. Only two of the 41 households stated that they could not afford to send their children to school. These two households were both characterised by few working family members, illness in the household and seasonal income. Despite vulnerable income situations, all respondents state the *importance* of securing children's education. One of the respondents explained that the members of the community recognise education as a long-term investment: "There is an improvement in the attitudes of people. People have a certain amount of education, and it is a common opinion that it is important to give their children proper education. Now, people think about their children and their children's future. In the past, people were only thinking about the present" *[R5M36, living in shack, sometimes short of money]*. Respondents identify a link between children's education and brighter prospects for the future. This is further supported by another respondent, whose future income depends on his son getting employed: "I am now pensionable. In the coming years I will be retired. I am on extended period now. My age is 57, at 60 years I have to retire. The pension is only a fraction of what I receive now, but I am expecting my son to get employed" *[R12, Male 57, Singhalese, Roman Catholic, living in a concrete house, sometimes short of money]*.

Preventing flooding

The most visible risk prevention mechanism enforced in the community is the flood prevention initiatives. In order to reduce the impact of heavy rain and rising wetland, the road

has been paved, and the channel surrounding the area is frequently cleared. According to the respondents, the local municipal representative allocates workers to clear the channel. Additionally he has handed out free roofing sheets to members of the community. A majority of the households have received two roofing sheets. The respondents argue that the limitation of the initiative of handing out roofing sheets is that they cover only a fragment of the roof. Simultaneously, the sheets are too heavy for houses constructed out of less durable materials. Thus, the people who live in shacks, and who are worst affected by the environmental risks, do not benefit from the preventive mechanisms. Some state that they would like to improve their houses, out of their own pockets, to reduce the impact caused by flooding and heavy rain, but they can't afford to cover the costs. Particularly shack dwellers portray the community prevention strategies as limited in terms of preventing floods from occurring.
On the other hand, one of the respondents argued that people's mentality and behaviour have to change, in order to solve the problem with the flooding: "The floods are a man-made thing. In the event of floods, water will stay for 1-3 days. It is a headache. There were drains that took the water in different directions, but people have blocked the drains to beautify their houses. The water outlet from this area to other areas is blocked. It is not an unsolvable problem. People, who say it is a big problem, do not see the real reason behind. In the old days there were no houses in the front. The water flow has become narrower because of the houses, so the water is increasing" *[R14, Male 30, Tamil, Roman Catholic, living in a brick house, sometimes short of money]*.

Limited political freedom

The sources of risk presented in Table 1 embraces political risk as a potential risk affecting the livelihoods of the urban poor. All 41 respondents showed reluctance in discussing politics, something which is also manifested through the lack of community meetings in the area. One respondent explained that: "We don't want to talk politics. Silence is the best defence against political risk. If you talk you will fall into trouble. We have no community meetings in this area" *[R41, Female 30, Roman Catholic, living in a brick house, sometimes short of money]*. Hence, the lack of political engagement serves to explain parts of the limitations in the urban poor preventive strategies. The exception is the relocation process which the respondents identify as a trigger to vulnerability. Thus, political risk is not thoroughly discussed in this thesis because the respondents did not want to talk politics.

Understanding economic vulnerability

Seasonal income vulnerability

The respondents described their economic vulnerability as a product of unpredictable day-to-day income. Descriptions of seasonal vulnerability is of particular relevance in terms of understanding how external risks affect the income flow of poor urban households, illustrating vulnerability deriving from both seasonal changes in the market economy and religious events. Data presented in Tables 8, 9 and 10 illustrate how respondents from different wealth categories are affected by seasonal varieties. Respondents who are *always short of money* are particularly vulnerable to externalities. Most of them are engaged in informal manual work, or manufacturing, where income depends on dry weather.

TABLE 9: INCOME VULNERABILITY

Respondents' perception of economic situation	**Total number for respondents**	**Depending on day-to-day income**	**Income decline during wet season**
Always short of money	21	21	16
Sometimes short of money	17	10	12
Never short of money	3	-	-
Total number of respondents	41	31	28

Source: Findings from semi-structured interviews

Respondents who *are sometimes short of money*, are less dependent on day-to-day income, however a majority state that their IGAs decline during the wet season, as a direct consequence of flooding. One of the respondents described the challenges in these words: "The roads are flooded so we can't run the three wheelers, because the water can damage the engines. Those days we have to starve because of less income. During wet season we eat out of what we have earned the previous month. We go to the bank with our jewellery, or the money lender. We have paid all our loans back, but all the jewellery is in the bank. If we don't pay soon, the jewellery will be sold. We have already received assistance from our relatives, so we can't go to them anymore. If we don't go to the moneylender or the bank, we will starve. We are part of a *chitu* system. Our main expenses are covered through the *chitu*.

Household furniture and house repair are paid through the *chitu* system". *[R16, Female 53,Sri Lankan Muslim, Muslim, living in a brick house, sometimes short of money]* The risk coping-mechanisms described in the latter part of the view will be discussed in section ii) of the chapter. Table 10 presents a broader picture of the seasonal vulnerability of the urban poor:

TABLE 10: SEASONAL VULNERABILITY

Month	***Seasonal challenges***
January	• School fees are paid in January.
February	• According to astrological belief system it brings bad luck to build a house in February. Any building project started in the month that has the least days, will not be finished. Informal labourers working in the building industry loose income in February.
March	• March/April is Hindu fasting period. During fasting Hindus don't eat fish. Informal workers at the fish market lose income. Additionally, all year round Hindus don't eat fish on Tuesdays and Fridays.
April	• During Singhalese New Year celebration in April, Sri Lankans travel to visit relatives in other areas of the country. The streets of Colombo are empty and the three-wheeler drivers get less hire.
May	• Tea factories have large orders during the months before Ramadan.
June	
July	• During July the vegetable crops are meager. Fewer vegetables are transported to Colombo, affecting the income of informal manual workers depending on work unloading vegetable lorries. • In July the fish catch is always low. • In 2012 Ramadan will start around 19th of July and last until about 20th of August. During Ramadan shopkeepers have less income because people consume less.
August	• Ramadan
September	
October	
November	• It brings bad luck to repair vehicles during the month of November.
December	• Christians celebrate Christmas. Most of the respondents belonging to Christianity state that they get indebted during December in order to afford food, clothes and celebrations. December is however a profit-making month for shopkeepers and tailors within the area. The Muslims interviewed have stated December as a good month for business.

Source: Findings from semi-structured interviews

- In addition to the seasonal varieties stated above, respondents argue that they have no income on *poya* days, monthly Buddhist festival day.

Table 10 challenges the mathematic categorisations of internal and external risks, by illustrating how cultural and religious traditions influence the annual fluctuations in an urban poor household's economic sustainability. Particularly the weather pattern plays a crucial role in regulating the employment opportunities. Sri Lanka is divided into different climatic zones, causing different rainfall seasons across the country. As an example, the Southwest monsoon period lasts from late May to late September in Colombo, while the Northeast monsoon period, affecting parts of the highlands, lasts from December to February (Peiris in de Silva 1977:12-19). Consequently, the urban poor sustaining their income by working at the tea factory are not only affected by the rainy season of Colombo. The temperature of the highlands affects the tea plantations, and determines the season for harvest. Due to the linkages between rural and urban areas in the manufacturing and export of products, the urban poor are indirectly affected by the same factors as the rural poor in terms of harvest insecurity (Narayan 1997). While the importance of understanding *urban poverty* from an *urban* perspective have been stressed in this paper (Moser 1998, Rakodi 2002, Gunetilleke *et al* 2004), this example underlines the importance of including a broader picture in the analysis of urban poor income vulnerability.

Urban poor facing modernisation

37-years-old "Ajith" earns 500-600 rupees a day working as an informal manual worker at the fish market. In Case 1 Ajith describes how relocation and modernisation of the fish market has affected his income situation. Earlier the fish market was located in *Pettah*, a market area close to Kimbula-Ela, before it was moved to another area of the city. The relocation has resulted in increased commuting distances as well as constrained the business opportunities for informal labourers:

CASE 1: "I LOST MY JOB WHEN THE FISH MARKET BECAME MODERNISED"

"When I worked in Pettah, there were less work restrictions. As a labourer I could carry anybody's fish to any store. Now there are new rules. In order to work as a labourer at the fish market I need a uniform. The formal T-shirt costs 1600 rupees, the boots cost 2000 rupees and I need an ID-badge, which costs 400 rupees. In addition, the labourers are restricted from working with multiple suppliers; they have to stick to one particular salesman. I cannot afford to pay for the uniform; therefore I am out of the premises of the fish market. I have to do an unofficial job instead. I can no longer unload fish from the suppliers inside the fish market. Instead, I help the truck drivers with boxes that are returned to shops" *[R37, Male 37, Tamil, Hindu, living in a shack, always short of money]*.

The case above illustrates the vulnerability of the urban poor working in the informal sector, and how external risks such as modernisation can have a severe impact on their income situation. Ajith argued that working as an informal labourer puts him in a particular vulnerable position to covariate risks, as he is in no position to negotiate his salary: "Even though the fish prices increase 20 per cent, I will not get an increase in salary. Out of his own generosity, the owner of the lorry might pay me more than 300 rupees. But if *I* ask for more salary, he will ask me not to come back and unload. He will find someone else to do the work. There are plenty of people who are willing to work for a lower salary. I don't argue with him" *[R37, Male 37, Tamil, Hindu, living in a shack, always short of money]*.

Ajith's case gives recognition to perceptions on how the lack of quantity and quality of assets limits poor household to manage risk (Heltberg *et al* 2008). The household has limited assets which can prevent or mitigate the negative threats, which covariate risks have on the sustainability of his household. Ajith has no savings and he is unschooled, which deteriorates prospects of engaging in gainful employment (Gunatilaka 2010). Additionally, he has a limited social network: "We have no one to depend on in times of difficulties. There is no governmental help or NGO in the area. There are some [informal] moneylenders in the area who give loans only to people who have regular income. They will not give us a loan because we don't have any security to offer. We have already great difficulties in our day-to-day lives; if the difficulties increase any further we will not manage. By the grace of God we have not fallen sick. So far we have not gone to relatives for assistance. Whether or not they would have helped us in times of sickness I cannot say. I get some loans from people at the fish market. I pay 20 per cent interest on those loans" *[R37, Male 37, Tamil, Hindu, living in a shack, always short of money]*.

Understanding asset vulnerability

The respondents identify the lack of prevention strategies addressing economic risks, as one of the main problems in the area. Descriptions of insufficient income, business failures and inadequate asset management are highlighted as key explanations to why urban poor fail to escape chronic vulnerability. This section discuss how these elements interplay, limiting the urban poor's' prospects of successfully addressing their vulnerability. The narrative on how

“Darshini” manages the challenges of day-to-day income serves to illustrate the complexity of the livelihood strategies of people without savings or secure income. Her good social skills and creativity is central to the cash-flow management, as well as her ability to grasp opportunities and mitigate risks. This particular example clarifies the challenge of fully understanding how urban poor livelihoods are patched together. This vivid picture of diverse livelihood strategies derives from repeated field visits. Each visit revealed yet another element of risk management strategies (See also Image 3, Photo B):

RESEARCHER'S NARRATIVE 1: DAY-TO-DAY INCOME MANAGEMENT

“Darshini” is 44 years old. During the field visits, I talked with Darshini several times. She had a great social network and she served as a facilitator in terms of introducing the objectives of the research to others in the area. The first time we interviewed her she stated that their household income was 10,000 rupees a month, generated through her husband working as a labourer. She also said that he had a drinking problem, so the real income supporting the household was significantly less. Additionally, her 21 years old daughter supplemented the income through working in a beauty salon, now and then.

The second time I met Darshini, she showed up during an interview to ask my translator if he wanted to have a credit card. She told that she was working part time to enlist credit card customers for a bank. For each person she enlisted she would receive 100 rupees. Last year, during Christmas she enlisted her husband, but he went to the grocery store and bought liquor and food for 30,000 rupees, which they now had to repay. Her husband had been asking the bank to delete the debt or to get an arrangement to pay smaller amounts, but the bank had refused.

The third time I met Darshini we were sitting in her house. Parts of the floor had been raised 10-15 centimetres with another layer of concrete. She wanted to explain why the floor was uneven. “Behind this house lived a very rich man. He was building a swimming pool. All the soil that he dug up to make the swimming pool, were piled up against our house. So we took the soil and used it to raise our floor. We wanted to raise the whole floor, but we did not have enough soil”.

The fourth time I popped my head into Darshinis house she had just made a lottery. She had bought items for 300 rupees. Shampoo, hand soap and other household items, numbered them and hung them on wooden board. Each lottery ticket cost 5 rupees, and she was going to put the lottery outside her home to attract customers. I asked her; *How many tickets do you have altogether?* I don’t know, she answered. *Do you often have lotteries?* Sometimes. This time we want to continue. We will sell tickets until all the items are gone, and then buy new items. My old mother is keeping the money we earn from the tickets, so that we will not spend them on other things this time. It has happened before, that the money is gone before we get the chance to buy new items.

The fifth time I met Darshini, was the same day she had started the lottery. In addition to the lottery, she had also started to sell fruits. “This red umbrella fruit is good for diabetics. 4 rupees a piece”.

The sixth time I met Darshini her husband climbed a coconut tree on the other side of the road. *So, you have a coconut tree?,* I asked. “Yes, but we don’t sell the coconuts. A few times a year, we give each household one coconut”. Darshini also showed a hidden garden in front of the house. She was growing chillies and some herbs in plastic buckets. The spices were cultivated with the purpose of supplying the household cooking, and to be given to friends and neighbours. The lottery from one of my previous visits was nowhere to be seen.

The seventh time I met Darshini her daughter was missing. Mother and daughter had been fighting over the daughter’s unwillingness to stick to one job. The mother described the daughter as indecisive and volatile, while the daughter argued that as a young woman she had the privilege to try out different jobs in search of the perfect career. Ultimately the quarrel resulted in the daughter leaving the house to stay with a friend. Darshini had been up all night praying for the safety of her daughter. A statue of the virgin Mary had been put into rotation in the Roman-Catholic network in Kimbula-Ela. Every night a different household hosted the statue and spent the evening praying for Darshinis family. “All we can do is praying”, said Darshini.

[R1, Female 44, Roman Catholic, living in a brick house, always short of money]

Darshini's household stated that they are *always short of money*. The respondent explained the chronic household vulnerability as a direct consequence of unpredictable income and her husbands' alcoholism. Hence, the household is exposed to multiple risks, both domestic social risk and external risk of unemployment. Additionally, the household is indebted, through having borrowed money from moneylenders and the usage of credit cards. Darshini's risk management strategy consists of multiple elements and creative manoeuvres, demonstrating elements of diversification of income. According to Holzmann and Jørgensen (2001), *diversification of income* is a common risk mitigation strategy, reducing the risk of income failure through applying a multiple range of IGAs. This study argues that diversification of income can both serve as a proactive risk mitigation strategy and as a reactive risk coping strategy.

Business failure

Darshini attempted to secure the household's economy through initiating a business, but the attempt failed and left the household in an even poorer economic condition than before: "I took a business loan of 10,000 rupees from a governmental organization in order to start a small food business. However, it was difficult to sell eatable items without a fridge. Little by little what I earned got eaten up by household expenses". The strategy of using business loans to cover for household expenses is also echoed by Collins *et al* (2009), arguing that "borrowing for poor people is not only, or even mostly, for funding businesses but also for managing the many exigencies of a life in poverty" (2009:67). Darshini's example illustrates that different sources of risks should not be analysed as isolated risks. Unaddressed domestic risks might reduce the prospects of succeeding in economic risk mitigation strategies. This example is congruent with the observations made by Moser (1998), illustrating the interlinkages between idiosyncratic and covariate risks faced by the urban poor: "The capacity to respond to changes in the external environment depends not only on community level trust and collaboration, but also on social cohesion embedded in household and intrahousehold level relationships" (Moser 1998:4). In Darshini's household, a conflict between family members deteriorates prospects of coping with economic risk.

Darshini's story is not unique in its character. Similar stories of business failures make up a repeating pattern among respondents of different wealth categories in this study. Another respondent explained how failure in addressing life-cycle events (idiosyncratic) resulted in increased vulnerability to economic risk: "Earlier we owned the three-wheelers, but when our son got married we sold it. We tried to find other ways of earning, but we did not manage. Now we are renting the three-wheelers instead of owning them. The main challenge is the day-to-day earnings. We have to pay the owner 200-300 rupees a day and an additional 200-300 rupees daily on petrol" [R16 Female 53, Sri Lankan Muslim, Muslim, living in a concrete house, sometimes short of money]. This example matches literature on inadequate asset management, expressed through short time risk coping mechanisms of *selling of assets*. (Table 2). The low per centage of respondents, who have been engaged in high risk activities such as business loans, supports the perceptions of Holzmann and Jørgensen (2001) regarding the notion that the poorest fail to benefit from global and national economic growth because they cannot afford to engage in high risk activities. Among those who are *always short of money*, only 4 respondents have accessed loans through microfinance institutions or banks, but all 4 respondents failed in their attempts of creating a business. Among those who are *sometimes short of money*, 7 have, at some point, accessed loans through microfinance institutions or bank. Out of these 7 respondents, only one states to have experienced business failure in the aftermath of a business loan. The others successfully managed to utilise the business loan to improve their business. One respondent explained that a business loan enabled her household to mitigate risks through diversifying of income: "We got a loan from the Ceylon Bank, but we have now paid it back. The loan was taken in order to improve my husband's fish business. In order to start a shop, I also borrowed 5000 rupees from a moneylender. I am still paying a little bit every month" *[R3, Female 27, Tamil, Hindu, living in a concrete house, sometimes short of money]*.

Ideas on business failures

During the focus group discussions, one of the themes discussed were the prospects of establishing businesses. All the women participating in the IGA identified multiple obstacles triggering business failures, such as inadequate housing for production, inadequate capacities to manage cash and limited market potential. Several of the women had experienced business failures. The key ideas generated through the IGAs are presented in Table 11:

TABLE 11: "WHY THE POOR CAN'T RUN A BUSINESS"

Risks constraining business opportunities	Descriptions provided by the respondents
Human limitations	• Lack of education. • Lack of experience in business management.
Economic limitations	• Lack of cash to cover for household expenses makes it hard to use a business loan for business purposes. • There is no market for selling products. • There are already too many businessmen in the area. • The high cost of essentials makes it hard to run a profitable business. • People are reluctant in spending money on buying prepared food.
Lack of physical assets	• The houses are too small to house a business.
Social limitations	• It is hard to run a business among friends and neighbours because people expect favours from you. • People are jealous and talk bad about others who are successful.

Source: Data allocated through semi-structured interviews and IGAs

The views presented in Table 11 underline what has already been critically discussed by scholars such as Karnani (2009), arguing that lack of business skill is an obstacle to the poor's prospects of creating profitable ventures. One of the respondents argued that they have the possibility to access microfinance loans. However, they see no prospects of transforming a business loan into a beneficial business given the contextual challenges and risks triggering failure: "There are organizations and agencies that come here to give loans, but our earnings are below their criteria. We eat out of the loans. By the end of the day we will find that we are more indebted than before. If a bank gives me a loan to buy 150 eggs – I will eat 50 eggs and give away the rest. Ultimately, I will be indebted for 150 eggs. They main problem is the difficulties of cash management because of the shortage of cash at home. If someone gives us an order to make paper bags we can provide the labour, but we are too poor to make any capital investments". This example gives a more nuanced picture of why the urban poor struggle to seize opportunities generated through globalization. The perspective of lack of access to formal arrangements, such as marked-based or public insurances, as highlighted by Holzmann and Jørgensen (2001), does not sufficiently grasp the complexity of income failure.

Business failures experienced by the urban poor in Kimbula-Ela have been triggered by multiple variables, in the junction of economic, social and human challenges. One respondent argued that: “We used to sell fruits and lunch packets outside our house. We cut bread into 2-3 pieces, stuffed it with tomatoes and spices, and sold it for 20-30 rupees. Nowadays food prices are so high that people just don’t buy. It is no longer possible to run the business” *[R33, Female 43, Singhalese, Buddhist, living in shack, always short of money]*.

Constrained market opportunities

A part from the discussion on limited individual capacity and constrained market opportunities, the women described challenges related to customers expecting favours, decreasing the potential to create a beneficial enterprise. The women participating in the focus group discussion were unanimous in their opinion that they themselves could not address their economic vulnerability within their community. They underlined that they were capable of working as labourers, but they saw no prospects of becoming entrepreneurs, in their local community: “If a person brings fabric and tells us what to sow, we can sow, but the market has to be out of this area. We can make some sweets, but there is no market in this area. There are already lots of people selling small eatable items. It is hard to sell anything in the community. Once you start a business, people will start asking for loans. They will postpone payments, saying *they will pay tomorrow*” *[FGD participant).*

Several of the respondents have echoed this concern. It is a common perception among the FGD respondents that intercommunity social relations make it hard to establish professional relations between entrepreneur and customers. Some views from the interviews included; “People get jealous on others who have money”, “If I have money I cannot refuse to give people a loan”, “If I don’t lend money people will come to start a fight”. The same tendency applies to the respondents who cultivate garden plots. One respondent argued that “Our coconut tree is more of a curse than a blessing. People climb on top of the roof to get to the coconuts, and they always come asking for fruits” *[FGD participants]*. These views are fruitful contributions when mapping the complexity of the non-economic dimensions triggering poverty. Case 2 illustrates how jealousy is interpreted as a major business-constrain:

CASE 2: “JEALOUSY RUINED MY BUSINESS”

“I took up a business loan a long time ago – from Ceylon Bank, which I have now repaid. I used to have a business of making lunch packets, but I lost it. It is common for people in this area to take up business loans and fail to manage them. Persons already involved in businesses and knows how it works, will manage to push his business forward with a business loan, but people who start fresh, don’t know how a business works and they fail”.
Do you think lack of education in managing a business explains the failures?
“Lots of people here are jealous of those who prosper in life. Some even go to the magicians and make a “*charm*”, to bring bad luck over a person’s business. I believe that is what happened to my business. In this area you get devils in the form of humans”.

[R19, Female 31, Tamil, Roman Catholic, living in a shack, always short of money]

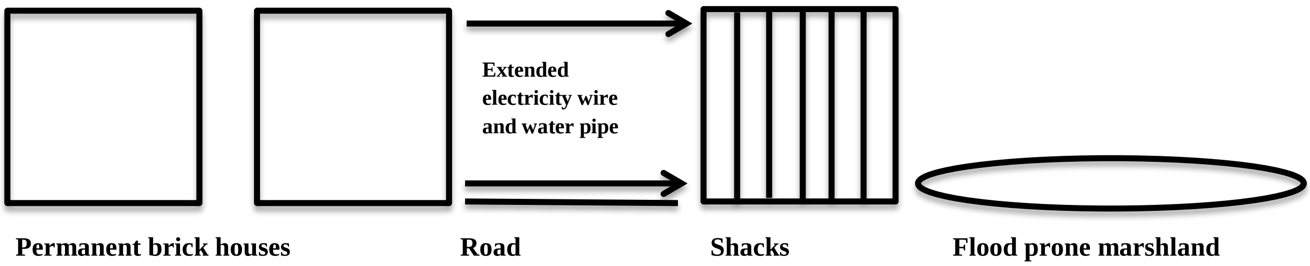
Source: Findings from semi-structured interviews

“My house is not an asset”

Literature on multidimensional poverty highlights the importance of including physical assets when analysing a households’ capacities to endure risk (Moser 1998, Baker and Schuler 2004, Heltberg *et al* 2008). Research on urban poor survival strategies has identified the urban *house* as an important asset for income generating activities (Moser 1998). This perception is to some extent congruent with the perceptions among the urban poor of Kimbula-Ela. IGA participants pointed to the lack of proper housing as an obstacle to business initiatives (see Table 11). Secure housing is associated with increased capacity to prevent impact derived from environmental and economic risk. Every year during the wet season, heavy rain makes the *marshland*, wetlands, rise and the streets are filled with water. Houses close to the wetlands face severe challenges as water seeps inside. According to the respondents, houses in poor condition located close to the wetlands face the worst challenges with water rising up to one meter inside the walls. Others face minor water damages, or are indirectly affected by the flood as their income declines during the wet season. There seems to be a link between the housing conditions of the respondents and their economic vulnerability. Seven of the 21 respondents who state that they are always short of money live in shacks, temporary housing. All three respondents who are *never short of money* have in common that their income is secured through family members working abroad, their houses are more resistant to cope with the wet season, and their IGAs are not seasonal.

All though the respondents recognise the house as an asset, the insecurity related to the potential relocation of the settlement, constrains long-term investment in housing. Hence, people living in insecure, temporary tenant have to choose between two evils: waste money on improving illegal tenant or endure the risk of flooding without enforcing impact mitigation strategies such as raised floors and improved roofing. Figure 2 demonstrates the housing pattern in Kimbula-Ela. While the permanent brick houses are located at a safe distance from the flood prone marshland, the back walls of the shacks are only inches from the marshland. The direction of the arrows illustrates the supplementation of electricity and water through extended wires and pipes from the brick houses to the shacks:

FIGURE 2: THE HOUSING PATTERN OF KIMBULA-ELA



Source: Observations made by researcher

25-years-old "Asuntha" lives in a shack together with her husband and a small child. The family built the shack three years ago. This shack is one of the few homes in the area without electricity. Due to its location and bad condition, water frequently enters the house through cracks in the walls and the leaky roof. Attempts to improve their living conditions have failed while facing uncontrollable risks. Furthermore the respondent explained that their prospects of mitigating the risks associated with floods are partly constrained by the unwillingness of their relatives across the street:

CASE 3: LIVING IN A FLOODABLE SHACK

"We have trouble with snakes and rats: The snakes come and catch the rats. The rats dig holes under the house, and make the cement floor collapse. There are some wooden pillars that support the roof, but the rats attack them also and make them collapse. Because of the cost of essentials are rising very high. The price of kerosene light and food is increasing. The quality of life is going down. The salary is not increasing. The kerosene lamp is not strong enough to keep the snakes away. We are illegal occupants. This land belongs to nobody, but is claimed by the people across the streets [relatives]. We have no address. When we go for assistance we have no papers as proof. We are faceless people. We will not be relocated; we will just be kicked out. Relatives living in the main house [across the street] have given us this area for free. When we came here the area was bare land, we have put the hut here. If we go, somebody else will come and occupy by force. Our relatives are angry, saying that "because you are living there, we cannot get our money. So, please go somewhere else, so we can rent it out and get money". This quarrel went to the police, and ultimately we had to give in. Our relatives opened up a bank account in a child's name and we have to pay 200 rupees a month. By asking for money, our relatives want to make sure that in time the house will be theirs. If the house is given to them [the relatives] they will fix the house and rent it out and use the money for domestic purposes. In general people in the area help each other, but the people across the street [referring to her relatives] are rude. They do not want to cooperate. They will not give an electric line for the light to burn in our home"

[R13Female 25, Tamil, Hindu, living in shack, always short of money]

Besides the immediate risk of flooding, there are other implications associated with living in unsecure tenures; such as *i)* the limited prospects of utilizing the house as an asset for IGA and *ii)* the constrained opportunities derived from social unrest between neighbours and relatives. One respondent, let's call her Amanthi, further explained the difficulties:

CASE 4: OCCUPANCY, BRIBES AND LOCAL JUSTICE

"We spent 355,000 rupees on the house, but my mother and father in law, who live just across the street want us to leave [so that they can rent out the house].The house is built on planks because there is a plan by the government to remove the buildings. That's why we do not want to spend much money on a permanent concrete building. This house cannot be built in concrete. It will be a waste of money – because we will not get a building permission. We had to pay a lot of bribes to get electricity and water. We share an electricity meter with my father and mother in law. If we start talking loud about the bribes we have paid we will get killed. All the housings along the wetland have paid bribes to get electricity and water supply. Normally you pay 50,000 rupees to a governmental man for a house plan and a survey. The concrete houses don't pay bribes, but all the other houses do."

[R6, Female 35, Tamil, Roman Catholic, living in shack, sometimes short of money]

This case demonstrates how the risk of being resettled limits the ability to assess long-term planning. This is congruent with the analysis of Moser, arguing that the households lacking legal tenure suffer an *extreme sense of vulnerability* (Moser 1998:10). Another element, which is present in this example, is the internal housing disagreements derived from the occupancy and the location of the house. The respondents explain that very often people living in shacks get into quarrels with those living in brick houses across the street. The reasons behind the discussions are mostly disagreements regarding who is entitled to the land and how to split the electricity bill. On average, the concrete houses have existed for 20 years, while the shacks are of more recent construction. People living in brick houses across the street often refer to the area where the shacks have been put up as *their gardens*. There is thus an informal agreement among the occupants that those who live in more permanent constructions have a *legal* right to claim the land area across the street. The challenges associated with tenure ownership confirms the statement of Gunetilleke *et al* (2004:14), regarding housing receiving a sense of *legal* entitlement through years of existence.

Hence, the relationship between the shack dwellers and the household across the street limits, to a certain degree, the shack dwellers' abilities to enforce risk prevention – and mitigation-strategies. Sometimes people demand rental payments from the shack dwellers or they refuse to extend the water pipe line or the electricity line. Households located at a safe distance from the marshland face fewer difficulties mitigating environmental risks. Common risk mitigation strategies among households who are not directly affected by floods are raising the floor level or expanding the house. Houses built out of durable materials also have the possibility to add an extra floor to their construction. Image 2 demonstrates vulnerable housing conditions in Kimbula-Ela.

IMAGE 2: VULNERABLE HOUSING CONDITIONS

***Photo A**: The channel behind the shack is visible through the cracks in the kitchen wall; a breeding area for mosquitos and other insects.*
Source: Author

***Photo B**: Shack kitchen. During heavy rain and flood, water enters through the walls filling the latrine (door to the right in photo) and the kitchen.*
Source: Author

***Photo C**: Demonstrating the water level inside the house during floods.*
Source: Author

Making the wrong investments

Another important observation is the extent to which the risk of being relocated affected the investment opportunities of the urban poor. While investigating urban poor survival strategies among slum dwellers in Dhaka, Collins *et al* (2009) found that the risk of being evicted had impact on how the poor invest: “[urban slum dwellers] tend to invest less in housing that has an insecure tenure […] Knowledge of the potential risks allowed the Bangladeshi households to take precautions and not overinvest in their homes” (Collins et al 2009:69).

To a certain extent this spending pattern was demonstrated among the shack dwellers in Kimbula-Ela. The risk of being relocated or evicted was expressed through reluctance in spending money on what is thought of as temporary settlement. Yet, the practice of extending water pipes and electricity lines continued despite knowledge of the development plans of expanding the Colombo Harbour. A key informant argued that the rationale behind investing in houses prone to be demolished is twofold. First, prospects of earning money through tenancy justify investments in expanding the house. Secondly, the community members do not think that the relocation will happen anytime soon.

RESEARCHER'S NARRATIVE 2: “THEY NEED WATER TODAY”

During an interview in one of the shacks, a loud noise was heard from the street outside.
Members of the household in the neighbouring shack are breaking up the paved road.
Why are they breaking up the road? I asked.
They are breaking up road to put up a water pipe, my respondent answered.
Why would they invest in a water pipe when they know that the houses will be broken? I asked.
Probably because they need water today, she responded.

Respondents explained that extending a water pipe and an electricity line to a temporary house construction has a price tag of 50,000 rupees. Considering the risk of relocation, this investment could be categorised as an example of irrational, *unlinear behaviour* (Holzmann and Jørgensen 2001). On the other hand, the respondents described the removal of the public water taps, as a factor triggering these investments. This example illustrates how the reduction in public prevention arrangements increases household dependency on informal arrangements to address their vulnerability. This is congruent with analysis made by Holzmann and Jørgensen (2001), that the availability of risk management instruments affect how individual households mitigate and cope with risks: "[The] absence of appropriate market instruments leads to a strengthening of informal [risk management] arrangements at the household level, which are often less effective and dynamically inefficient and can have undesirable social consequences (such as child labour)" (Holzmann and Jørgensen 2001:543).

Vulnerability from multiple risks

Through the data analysis, it has become evident that those who are affected by a variety of both idiosyncratic and covariate risks find themselves in more vulnerable situations than others who are exposed to fewer risks. For instance, those who are in the location of frequently being hit by floods are less capable of addressing the idiosyncratic risks faced by their households. Simultaneously, findings indicate that occupants living in shacks closest to the marshland have fewer sources of income generating activities. A majority asserted that they have lived in the area only 1-3 years, they belong to the younger generation and they have only one working family member in the household. Their average income is significantly less than of those who have been living in the area for more than ten years and who have several working family members in the household. Table 12 indicates how multiple sources of risk affect different household wealth categories. Although the data presented in the table reflects a simplification of the reality, it serves to illustrate a pattern where the respondents closest to the survival line, *always short of money*, face a greater range of risks than respondents who are *sometimes short of money*.

TABLE 12: ALWAYS POOR AND FACING MULTIPLE RISKS

Wealth category	**Total number of respondents**	**Only affected by economic risks**	**Affected by economic risks and social/life-cycle risks**	**Affected by economic- and environmental risks**	**Affected by economic, environmental and social/life-cycle risks**
Sometimes short of money	17	4	1	10	2
Always short of money	21	1	2	3	15
Total number of respondents	38	5	3	13	17

Source: Findings from semi-structured interviews

Table 12 suggests that fifteen out of 21 respondents, *always short of money*, struggle with economic difficulties, environmental risks (flooding) and social or life-cycle risks simultaneously. The latter risk points to domestic issues such as alcoholism, divorce or illness. (The three respondents who are *never short of money* are not included in this overview as they are not exposed to risks).

Insecure income, old age and weak networks

While facing multiple risks, another characteristic which serves to describe the chronic vulnerability of households that are *always short of money* is their inability to increase their earning capacities. A common response to economic difficulties is to mobilize additional labour within the household to secure increased income (Moser1998). Several of the households in this study depending completely on day-to-day income from informal manual work argue that their earning capacities cannot be increased any further. Physical exhaustion limits the strategy of increasing the workload. 58-years old “Sunthia” explained that: “We have no prospects of improving our income. Working as a labourer is tiring. We have a limit of five hours of work and it is thus difficult to increase the financial output. We cannot increase our earning beyond the amount we earn through five hours of work” [*R4F58 living in shack, always short of money*].

This particular household consists of six adults and two children where three of the family members contributed to the household economy. Compared to the working capacities within other households in the community, three is a relatively high number of contributors. However, in addition to depending completely on insecure income, the household faces environmental-, social- and life-cycle risks. They live in a rented shack which floods during the rainy season. Three family members are elderly. Two of them of which are sickly, while the third suffers from alcoholism. The respondent representing this household describes that the immediate response to increased economic hardships and domestic risks are *consumption modifying strategies*: “We used to eat more than we do now. Because of lower intake of nutritious food we are falling sick, especially the children. Skyrocketing prices on food force us to eat less nutritious food”.

This example illustrates the challenges faced by urban poor households which sustain their livelihoods in the junction of multiple risks. Moser (1998:6) underlines that the urban poor's *capacity to manage their assets* affects their ability to mitigate and cope with external shocks. In the case presented above, the lack of assets leaves the household vulnerable and less dynamic when adaptation is required in order to endure changes. Heltberg *et al* (2008) argue that many poor households are landless and depend on selling their labour to generate income. Hence, the quality of their assets is determined by education, health etc, as well as their access to a market (Heltberg *et al* 2008:18-19). This perception was also reflected in Case 1, describing Ajith's challenges from informal labouring. The source and frequency of external risks are crucial determinants of "Sunthia's" household's sustainability. Members of this household have only been living in Kimbula-Ela for one year in a rented shack. During the rainy season they evacuate the house and move out of the area to stay with relatives. They have not developed any close relations to their neighbours and they receive no assistance from other members of the community in times of crisis. Their risk-coping strategy depends on economic support and practical assistance from relatives. Secondly, if no help is generated through relatives, their final option is to ask for a high interest loan from a moneylender.

Image 3: Risk mitigation strategies

Photo A: *Supplementing income through family enterprise: Cleaniing dry fish*
Source: Author

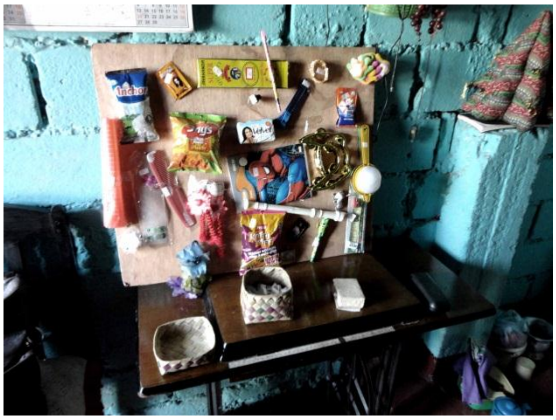


Photo B: *Creative diversification of income: Homemade lottery*
Source: Author

Photo C: *Growing chili in a bucket behind a shack: Frequent floods and rats make it difficult to cultivate the soil close to the marshland.* Source: Author

Photo D: *Small garden plot in front of shack*
Source:Author

ii) STRENGTHS AND LIMITATIONS OF RISK MANAGEMENT STRATEGIES

Risk management mechanisms

The discussion has so far involved portraying different levels of vulnerability and analysing challenges derived from different sources of risks. This section will move on to discuss the different risk management arrangements most frequently utilised by the urban poor in Kimbula-Ela, analysing how respondents from different wealth categories apply different strategies to mitigate and cope with risks. Table 13 presents the findings on risk management strategies among the respondents. In general there is a lack of prevention strategies available in the community. See Image 3 for some illustrations of risk mitigation strategies.

TABLE 13: RISK MANAGEMENT STRATEGIES IN KIMBULA-ELA

Type of risk	Risks identified by the respondents	Risk prevention strategies	Risk mitigation strategies	Risk coping strategies
Environmental risks	▪ Flooding; causing mosquito breeding and dengue epidemics	▪ Clearing the channel/drainage for garbage ▪	▪ Raise the floor level ▪ Improve the roof	▪ Keep valuable assets at a height. ▪ Relocate valuable assets with family and friends.
Economic risks	▪ Unemployment ▪ Business failure ▪ Debt	▪ Secure future income through educating children	▪ Diversification of income	▪ Use social network to gain work or get access to loan ▪ Join *chitu* group ▪ Borrow money from money lender ▪ *Gold loan* from bank ▪ Reduction of food intake ▪ Buy food on credit
Social risks	▪ Alcoholism ▪ Drugs			▪ Trust the police
Political risks	▪ Resettlement	▪ Do not discuss politics.		

Source: Findings from semi-structured interviews

Only seven of the respondents have any savings, and a great majority use informal arrangements in order to gain access to credit in times of emergencies. The most common risk mitigation strategies are to improve the housing by raising the floor level and fortify the roof. Respondents who are *never short of money* live in two-storied houses and have managed to prevent environmental risks from affecting their livelihoods. The same counts for a majority of the respondents who are sometimes short of money. Respondents who are always short of money are however less capable of mitigating the environmental risks derived from flooding. The correlation between environmental and economic risks has previously been debated in this chapter. Further on this section will discuss the utilization of different economic coping strategies, applied to mitigate – or cope with risk. Table 14 illustrates the diversity of economic management strategies applied by the urban poor in Kimbula-Ela:

TABLE 14: KEY ECONOMIC RISK MANAGEMENT MECHANISMS

	Total number of respondents	**Savings**	**Money lender**	**Gold loan in bank**	**Food on credit**	***Chitu***	**Borrow from neighbours/ relatives**
Always short of money	21	**1**	**<u>11</u>**		**<u>8</u>**	**5**	**15**
Sometimes short of money	17	**3**	**9**	**<u>6</u>**	**2**	**<u>7</u>**	**11**
Never short of money	3	**3**	**1**	**1**	**-**	**2**	**-**
Total number of respondents	41	**7**	**21**	**7**	**10**	**14**	**26**

Source: Findings from semi-structured interviews[3]

[3] It should be noticed that the numbers presented in Table 14 are estimates. The urban poor' risk management strategies are dynamic and the type of risk management strategies varies from time to time.

Moneylenders in the area provide loans with 10 or 20 per cent interest. Some shopkeepers allow for people to buy food on credit. Additionally, a majority of the respondents are involved in local ROSCAs, *chitu* systems. One of the respondents explained that: "Some are very poor, while others can manage their own expenses. Their needs are different. The main risk is that people are getting more and more indebted. Some people take loans from three different sources. They get the money to start a business, but they do not succeed and they eat the money" *[R1, Female 44, Tamil, Roman Catholic, living in a brick house, always short of money]*.

Managing with few resources

Only seven out of the 41 respondents involved in the survey stated that they have any savings. Out of these seven, only *one* respondent falls in the income category of *always short of money*. There is quite a difference in how saving strategies are applied at different income levels. All three respondents who are *never short of money* have close relatives working abroad and were thus saving money to secure the future of the household. 39-years-old "Aisha" holds another, more interesting explanation of how she manages to save. Aisha's household consist of husband, wife and four children, living in a shack. While Aisha earns 5250 rupees a month from household work, her husband generates income from collecting and buying empty bottles and re-selling them at a slightly higher price. Aisha's story represents strong commitment to secure adequate cash-flow management. She does not keep her savings in the bank, but every day she saves a small amount to secure that her family will have enough money to buy food throughout the whole week. Cash-flow management is thus a key to the understanding of how the urban poor cope with multiple risks:

CASE 5: CASH FLOW MANAGEMENT

"My husband gives me 150-200 rupees a day. I don't know how much he really earns, because he is an alcoholic. He spends his money on bottles, and he doesn't bring home any household items. I don't waste money. I go to the whole sale market and buy cheaper items. Every day I save 10-15 rupees to keep away for emergency. Some days I also manage to save 100 rupees. Whenever I buy a bag of rice, I fill a cup with rice and keep aside, so we can use it when we are empty. The eighth day I don't need to buy rice. I buy enough onions for one week. Yesterday I bought powder milk, but I will use it very sparsely. The market place is 2 km away. If you buy vegetables here in Kimbula-Ela the price is 30 rupees, but if you buy them at the market the price is 20 rupees. I walk to the market. I don't take the bus.

I am careful not to waste water. I want to make sure that the water bill never exceeds 200 rupees. We have no savings in the bank. I hide the money at home. So far my husband has not asked about the money. I am good at saving in every way. Every month I collect 200-300 rupees that I keep aside, within a year that is a good amount. I never buy snack for the children when they go to school. I heat up rice and curry that they can bring to school. No money goes out of the house. Children can be trained to eat a limited amount of food. If you give them more than sufficient, they will keep on eating more and more. When they are grown, this skill will be useful when they plan their own house. *[R34, Female 39, Singhalese, Muslim, living in a shack, always short of money]*

Aisha's household has managed to respond to the increasing oil prices by collecting wood for fuel, replacing the kerosene oil used for cooking. "Firewood and coconut shells generate more heat. Other women use kerosene oil to light the fire. I will not waste. If a woman is not lazy she can achieve anything". The strategies of this household demonstrate careful asset management and aversion from high risk activities: "We never go to the moneylender. That's the best wisdom. When a person goes and borrows money he becomes the slave to that person. I want to be independent. Borrowing money would cause a lot of problems. People might even come and interfere with our family matters. We have not joined a *chitu* because according to Islam it is not allowed". As her husband is an alcoholic, Aisha makes the decisions within the household. This is the only Muslim household in the survey where the wife goes outside the house to work. (This might be because Aisha has converted from Hinduism to Islam, and that she consequently does not follow all Muslim codes of behaviour).

Lack of cash-flow management

On the contrary to strategies embracing adequate cash-flow management in Case 5, some of the respondents state that the reason why they sometimes fall into economic difficulties is not due to lack of income, but is rather a consequence of bad income management. "Chandima's" husband works in Saudi Arabia to support his family in Sri Lanka. Even though his salary has increased significantly, his wife continues to rely on neighbours and moneylenders, now and then, as coping mechanisms:

CASE 6: MONEY IS NOT THE PROBLEM, MONEY MANAGEMENT IS

"My husband has been working 17 months abroad. Every month he puts the money in a bank account, but so far we have not saved anything. After half a month we slow down our expenses because we do not have enough money. Management of money is a main issue. I have not been able to do the management well.
Because of the schools fees in January, we are always short of money at that time. Then we have no other alternative than to go to the moneylender. He is trustworthy, but sometimes rough to people who show reluctance to pay money. Sometimes even the moneylender refuses to give loans, because he is in difficulties because people don't pay back. Our moneylender gives loan on low interest. We pay 10 per cent per month. For others, he gives loans on 20 per cent interest a month. If you don't pay, police will come and you will be in trouble. If my husband doesn't send money I borrow from neighbours. Also I lend them money. When I have money in hand, I cannot refuse them. I will not give to anybody, only my friends. I have always gotten my

money back. There is only one who has not paid. When I don't have money I go to her.
All my friends are in the same situation as us. The bank will not give loan because we don't have any security to offer. Loans up to 300 rupees you can get from friends in the neighbourhood, but if you need 1000 rupees you have to go to the moneylender. The last person I go to if I have no money is my mother. My mother earns 500 rupees a day. First I go to friends, then relatives. My mother comes to visit once in a while to get some rice. Whenever my mother goes and eats with my siblings, she pays them. We are better off than my siblings".

[Female 29, Singhalese, other Christian, living in a brick house, sometimes short of money].

Saving through *chitu*

Fourteen out of the 41 respondents engage in ROSCAs, Rotational Savings and Credit Association, known as *chitus*. *Chitu* is an informal arrangement where a group of people go together and save money. Every day, week or month, all members pay a certain amount to a common pot. Every week or month, one person is entitled to the whole pot collected. The recipient is decided through a revolving lottery, securing that each member will receive a large lump of money one time during the *chitu* period. All respondents who state that they are involved in a *chitu* use the *chitu* as a complementary risk prevention - and mitigation mechanism to get access to larger amounts of cash. Not one single respondent depend solely on the *chitu* system. Different *chitus* operate with different amounts, adjusted to the earning capacities of their members. It can be 50 rupees a day, 1000 rupees a month or even 10,000 rupees a month. One respondent who is *always short of money* explained that being part of a *chitu* is associated with great responsibility: "I have joined a *chitu*, but I am scared because my husband's income is insecure. If you lose income a couple of days, the people will come after you for the money"*[R17, Female 39 Tamil, Roman Catholic, living in a brick house, always short of money]*. People who are exposed to multiple sources of risks are often not involved in chitus. The reason behind this tendency can be an internal household decision of not involving in shared risk taking, or households might be excluded from joining because other members do not consider them as secure payers. In this particular survey only one of the respondents living in shacks stated that they were a member of a *chitu*. "Sudath" organises a *chitu.* He recognises the *chitu* system as an invaluable arrangement to enable the financing of larger expenses such as improvement of the housing:

CASE 7: ORGANISING A CHITU

“Sudath” is 30 years old. He provides for his family driving a three-wheeler (*tuk-tuk*) 7 days a week. Sudath applies a multiple set of risk mitigation- and risk coping strategies to secure a sustainable cash flow throughout the year. Income from the three-wheeler is supplemented by the repairing of cell phones, adding an extra income of 2000-3000 rupees a month. In addition he is administering a *chitu* group of 10 members:

“Lack of savings”
“I used to have savings, but right now my hands are empty. I am organizing a *chitu*. That’s the only way to get out of the problem. Our *chitu* consist of 10 people from the area, and the *chitu* pot is 50,000 rupees. As an organizer of the *chitu*, I receive the first *chitu*”.

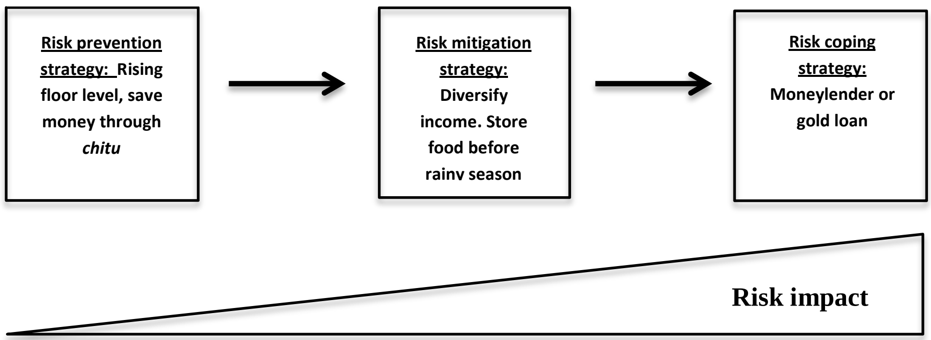
“Allocating chitu members”
People hire me to take their children to school in my three-wheeler. This way, I get to observe who I am sure of getting money from. People’s payment demonstrates their trustworthiness. Sometimes people have difficulties in paying, but I give them 4.-5 days to pay. Having a *chitu* is a very difficult thing. Not all people pay promptly, but I have the responsibility to pay the person who is entitled to the new *chitu*. At times I have to pocket out the lacking amounts. The recipients will not wait, but presses to get their money. In such a case, I deposit household jewellery to get money to pay the persons. I have to do that in order to secure my name”.

“Income affected by wet season”
“During the wet season I get very little hire. I cannot take the vehicle out because of the flooding. The roads are damaged. If water gets into the engine, it is expensive to repair. Thus, during the wet season the income is significantly reduced. During dry season we have no problem, and the income is regular. I plan for the wet season. When I buy food items I save some for the rainy season. Rice and stuff we can have at home so that we can cook. It is very low budget basic food, and not very tasty. Mainly we keep some food stocks in the kitchen. Another option is to take our jewellery to the bank and get a “gold loan”.

“Limited access to money through social network”
There is nobody to come forward and help. All my acquaintances are at my own level or at a level below me. It is impossible to get help by others. There are incidents when we have to take money and loan on interest. The moneylenders have a practice of giving small amount with interest at first. Then they closely study the person [to whom they have lent money], watch closely how he is behaving. If they are not satisfied, they will not give more money. Only if the man sticks to his words, he might receive a bigger loan”.
[R14, Male 30, Tamil, Roman Catholic, living in a brick house, sometimes short of money].

An interesting feature from the case of Sudath, is how he juggles between different risk mitigation strategies and risk coping mechanisms to respond to changes in the household economy. Sudath is one of the few respondents who stated that he plans for the rainy season. Most commonly those who are directly affected by floods depend on risk *coping* mechanisms rather than risk *mitigation* mechanisms during the wet season. Sudath carefully plans how to manage risks. Proactive risk preventing- and mitigation mechanisms involve active use of social capital to secure long-term saving through *chitu*. By implementing long-term planning at an early stage, he manages to reduce the negative impact risks have on the sustainability of his income. A high interest loan through moneylender is the final option. By actively seeking to prevent and mitigate risks reduces the frequency and scale of applying coping-mechanisms. Compared to other respondents, such as "Darshini" (see Researcher's Narrative 1), who also demonstrates diversification of income as a key survival strategy, "Sudath" is in a better position to succeed. First, his household has physical assets (tree-wheeler), enabling him to generate higher income. Secondly, higher human assets (skills and education), enable him to earn extra income. Thirdly, his household is not affected by social risks, such as alcoholism or domestic fighting. Figure 3 illustrates how "Sudath" manages to reduce vulnerability through three stages of risk management strategies, embracing both proactive and reactive mechanisms:

FIGURE 3: ILLUSTRATING A RISK MANAGEMENT STRATEGY



Source: Figure based on findings from semi-structured interviews

Depending on moneylenders

Accessing loans through moneylenders is a common risk management strategy among the respondents. There is however a difference in *when* people go to the moneylender for a loan, as a risk mitigation mechanism or as a risk coping mechanism. Most of the respondents who state that they frequently are indebted to moneylenders state that their income is highly insecure and insufficient. Unforeseen events such as illness can also trigger an acute need to access money through informal arrangement. All 11 respondents who are ***always short of money*** and depend on moneylenders as a coping mechanism have in common that they: i), have no savings, ii), depend on day-to-day-work as labourers, iii), are exposed to idiosyncratic risks of illness or alcoholism, iv), have no access to loans through formal bank institutions, v) have a limited ability to mitigate their economic difficulties through their social capital, and vi), are highly vulnerable to covariate risks.

Out of the 11 (see Table 14) respondents depending on moneylender, only three are involved in *chitus*. Eight respondents state that they buy food on credit. Several of the respondents who depend on moneylender, stated that moneylender is their only option: “When facing difficulties we go to the moneylender who is known to us. Not all moneylenders will give us a loan, but this man gives us loan with a 20 per cent interest rate. We have to be careful. If we don’t pay he will shout in front of our house and disgrace us. We always pay cash when we go to the shop, because the shopkeepers don’t trust us to give us credit. We have no friends or relatives who can give us money” *[R39, Female 30, Tamil, other Christian, living in a brick house, always short of money]*.

This example clearly illustrates why the poor often end up with the most expensive alternative when addressing economic risks: The lack of better alternatives. The respondent quoted above is in a particular vulnerable situation as her marriage is not supported by her family. Hence, she does not receive any help from her relatives. Normally households, which are always short of money, receive some assistance from relatives. Findings indicate that respondents with strong social capital are less dependent on moneylenders as they manage to address their vulnerability through buying food on credit from local shops, and thus avoiding being dependent on high risk activity of moneylending. (Informal borrowing through social capital will be further discussed in part iii).

Comparatively, respondents, who *are sometimes short of money* and use moneylenders, have a slightly different story than those who are always short of money. On average respondents who are sometimes short of money have access to a greater range of mitigation- and coping arrangements. For instance six respondents have a gold loan in a bank. Additionally, seven out of 17 respondents are involved in *chitus.* Table 15 gives an indication of how the financial lives of the poor are patched together through borrowing from different sources:

TABLE 15: ACCESSING MONEY THROUGH MULTIPLE SOURCES

Wealth category	**Number of respondents**	**Borrow from 0 sources**	**Borrow from 1 source**	**Borrow from 2 sources**	**Borrow from 3 sources**	**Borrow from 4 sources**
Never short of money	3	2	1			
Sometimes short of money	17	-	2	11	3	1
Always short of money	21	2	3	13	2	1
Total number of respondents	41	4	6	24	5	2

Source: Findings from semi-structured interviews.

- Respondents who borrow from 0 sources depend on savings or adequate cash-flow management

Most commonly respondents who are *always short of money* or *sometimes short of money* borrow from two sources simultaneously. Findings suggest that interest-free private loans accessed through social networks, is often combined with buying food on credit or taking up high interest loans through moneylenders. Respondents who are always short of money and borrow from three or four different sources have in common that they have experienced business failures, forcing them to access additional sources. ("Darshini", presented in Researcher's Narrative 1, is the only person who is *always short of money,* who has accessed money from 4 different sources).

iii) SOCIAL CAPITAL IN RISK MANAGEMENT

This section provides an analysis of how social networks serve as a mechanism of addressing idiosyncratic and correlated risks. Additionally, it will debate the extent to which the social capital can mitigate risks. Particular emphasis will be placed upon describing the function of social capital in different wealth categories. Simultaneously, the value of religious networks will be analysed.

A fine balance of borrowing and lending

Social networks and neighbour kinship ties play a significant role in terms of mitigating economic risks. As illustrated in table 14, and table 15 informal borrowing is frequently utilised to mitigate and cope with economic risks. Good relations to ones neighbours secures access to smaller amounts of interest free money, which can be borrowed in times of crisis. **26** of the respondents stated that they at times borrow money from neighbours or provide small loans to people they trust. Simultaneously, they relate this practice of two-ways cash-flows between neighbours as an important strategy in order to maintain good relations and securing practical assistance in times of social events, such as weddings or funerals within the household. In the research presented in “Portfolios of the Poor”, Collins *et al* (2009) describe the role of borrowing and lending from neighbours as a frequently used strategy of *saving* money. Findings from this case study however, do not support this theory. Simultaneously, as being of significant value in order to combat risks, money lending is associated with high risks, which should be avoided if not a survival strategy. Some respondents argue that they do not lend money because they fear that people will not pay them back.

30 years old “Santhia” argued that she would rather give people 100 rupees than provide a loan: “Our household minds our own business. If you get too involved with people they will ask for money. If a relation develops into a close friendship, suddenly people will come and ask for a loan of 25,000 or 50,000 rupees. If you don’t give, you will get in trouble. It is better to lend someone 100 rupees and not get it back than to lend 1000 rupees and not get it back, and get into trouble” *[R41, female 30, Tamil, Roman Catholic, living in a brick house, sometimes short of money]*. This view illustrates the fine balance between utilizing social networks as a safety line, while in the same time securing that you don’t get pulled down by

others who are less fortunate. Woolcock and Narayan (2000:231) critically argue that social capital is a *double-edged sword*; on the bright side providing valuable services to community members, while on the dark side social capital can fuel negative economic consequences generated through *members' sense of obligation and commitment* (Woolcock and Narayan 2000:231).

Security through participation

Several of the respondents dichotomize the people living in the communities as *those who mix up with others* and *those who do not mix up with others*. From this particular case study it seems that those "who do not mix up with others" are either too poor to be able to provide small cash loans to others or their day-to-day income is significantly higher than that of their neighbours. This suggests that the interdependency among the community members is mostly visible among those who have a high frequency of falling in and out of poverty, while those who portray themselves as constantly poor are less active in the social networks within the community, as their ability to contribute equally is limited. "Some people do not mix up others. But those who mix up with the rest of the community are in a better position to help others and receive help" *[R3 female 27, Tamil, Hindu living in a brick house, sometimes short of money]*.

Declining community cooperation

Respondents argued that the increased prices on oil and essential food items is affecting the informal risk coping mechanisms within the community, as people are becoming less willing to cooperate: "The main reason why people do not help is the economic situation. People look mainly after their own families. There was a time when my household alone had the possibility to share meal with ten people. Nowadays we can only provide for ourselves. This change occurred about 2-3 years ago after the economic collapse took place*" [R2, Female 32,Tamil, Roman Catholic, living in concrete house, always short of money]*. Some respondents also argued that occupancy and illegal settlement reduce the prospects of creating a community of cooperative members, as people evacuate the area during flooding.

This trend of declining community cooperation grounded in covariate economic vulnerability is congruent with the literature suggesting that social capital is a dynamic capital: "As community members' welfare changes over time, so too does the optimal calculus of costs and benefits associated with particular combinations of bonds and bridges" (Woolcock and Narayan 2000:231). Particularly respondents who portray themselves as *always short of money*, express dissatisfaction with the informal arrangements in the community, arguing that the poor are marginalised from the economic risk coping arrangements: "During emergency, fire and floods- spontaneously people come forward but only for that time. Well to do people in the area have a lot of networks, helping each other. But when a poor person gets in between they will not help. The rich people help each other. They don't share anything with the poor" *[R31, Female 48, Tamil, other Christian, living in a brick house, always short of money]*. This perception is supported by a number of other respondents. Case 8 presents views presented by three respondents:

CASE 8: "PRACTICAL HELP IS THE ONLY HELP"

"People get together for festivities and enjoyment, but when difficulties are faced by an individual family there is no assistance. In the case of a fire or flooding are the only times I can expect people to come forward and help" *[R38, Female 67 Tamil, other Christian, living in a brick house, always short of money]*.

"People help in emergency, but after that moment they are not to be seen again. The only thing we get from powerful people is money on interest" *[R39, Female 30, Tamil, other Christian, living in a brick house, always short of money]*.

"People of the area are not as good as before. There are no community meetings. There are few people who like to cooperate. People don't mix up because they are scared that others will come and ask for loans" [*R19, Female 31, Tamil, Roman Catholic, living in a shack, always short of money]*.

Food exchange

The perceptions presented in Case 8 can also be attributed to the tradition of exchanging food across the different religions in times of religious festivals. Several of the respondents describe how the community members make plates of food and pass it to their next-door-neighbours during different religious festivals. Christians pass plates of food to Muslims and Hindus during Christmas. Muslims in turn, pass plates of food to other religious groups during the Muslim Hadji Festival, *Eid-al-Adha* (the Festival of sacrifice). Hindus follow the same tradition during the event of Deepavali (The Festival of Lights).

This exchange of food can be analysed as an informal strategy of social risk mitigation, building community spirit across religions. On the other hand, the practice reveals social networks and community members maintaining relations. Some argue that they give food to "anyone" in the community, but in reality it seems food is only distributed to a few households, which returns the favour when their religious event comes up. This finding from the field is supported by the perceptions of Holzmann and Jørgensen (2001:535). When discussing the implications associated with *reciprocity* within informal risk sharing arrangements, they highlight that "the very poor are usually often excluded since no counter-gift can be expected" (2001:535). To a certain extent the respondents support this theory. 67-years-old "Priya" describes the fading tradition of food exchange like this:

CASE 9: "THE POOR CANNOT AFFORD TO EXCHANGE FOOD"

> "Because of the high food prices, the habit of food exchange during religious festivals is declining. Among the less fortunate this tradition has already faded. People who have money maintain the tradition by exchanging food with others who have money. We cannot say that they are discriminating the poor. Once you receive food you need to return the favour. The rich who sends food to the poor has no problem. But by receiving the food, the poor man is putting himself into trouble because he has to return the food.
>
> *[R38, Female 67, Tamil, other Christian, living in a brick house, always short of money]*

Findings indicate that there is a divide in informal risk arrangements dealing with the economic risk and informal risk arrangements addressing the social- and environmental risk of the community. When asked how the community members work together to mitigate risks, the respondents explained that once in a while people get together to clear the drainage channel to reduce the risk of flooding, as well as assist each other in times of life-cycle events such as weddings and funerals. The risk sharing elements associated with wedding celebrations is congruent with Holzmann and Jørgensen's (2001) descriptions of *hedging* as an informal risk mitigation strategy. This is further illustrated by the colourful descriptions of wedding celebrations provided by the FGD participants in Case 10:

CASE 10: "HOW TO FINANCE A WEDDING"

The price tag of a wedding
When there is a wedding, it is normal practice among the Catholics, Hindus and Muslims that the family hosting the wedding hire the Municipality Hall and invite about 200 guests. The family who arrange the wedding have to pay for the food, decoration and video etc. The price tag of a wedding is currently 200,000 – 300,000 rupees.

How does a family allocate 200,000 – 300,000 rupees to pay for a wedding?
They borrow money from the extended family to *pre-pay* the wedding. If they have no extended family network, they have to go to the moneylender. The bank is out of the question. 50 per cent of the wedding cost is covered by the guests. Almost all weddings have a wedding system, where the guests have to write down their name and how much they have given. Some guests give money to the groom others give to the bride, and with that the money balances off.

Collecting jewellery
A girl starts collecting gold for her wedding while she is young. By the time the girl reaches 20 years old, she will have 3-4 sovereigns of gold. It is also common for girls to join *chitus* once they have started working, and use the *chitu pot* to buy gold. When a girl is unmarried usually her family accepts that her salary is split in half. 50 per cent of her salary goes to support household expenses, while the girl saves the other 50 per to secure her future wedding. One of the FGD women explained that she wore her wedding jewellery only on her wedding day: "During my wedding I wore a *Thali* (wedding jewellery), made in gold. But I only used it on the wedding day. Now it is in the bank. This is how it goes: First you go to the moneylender to borrow the money – Then you buy jewellery for the wedding – After the wedding you take the jewellery to the bank to get a gold loan – Then you pay back the money to the moneylender"*[FGD respondent]*.

Do people pay dowry?
All the FGD participants are married, but no one paid dowry (bridal gift) when they got married: "In certain instances when a couple gets married without the parents' permission, there is no dowry involved. We all got married out of love, but we fear that when our daughters get married our households will have to pay *dowries*" *[FGD respondent]*. The women argued that bridal gift is a fading tradition among some families, while among those who still pay *dowries* the size of the *dowry* is increasing. "Sometimes the family of the groom ask for a house or a vehicle in addition to money. If the girls 'parents have money, they give. Being able to pay dowry is also a question of self-respect and generosity" *[FGD respondent]*.

Source: Findings from FGDs and semi-structured interviews

According to the respondents, neighbours provide practical assistance to each other despite religious difference. This finding is congruent with CEPAs key findings from urban poverty studies in Colombo in 2002, highlighting that: "Ethnic and religious differences were not seen as serious concerns of the urban poor when acting together for improvement of their community" (Jayaratne *et al* 2002:27). The respondents of this study argued that a reduction of the drug activities in the area had united the people across ethnic and religious barriers, creating a sense of community spirit. However, the respondents in Kimbula-Ela expressed concern towards the government relocation process, fearing that the relocation will deprive them of the security they feel in their current neighbourhood, fuelling ethnic tensions: "There is a large concentration of Tamils in this area. We are used to a certain life pattern here, visiting relatives and going to church. If we are relocated to another area, we will not be familiar with the area. Probably the area will be dominated by Singhalese. Our country has a history of community clashes, and as Tamils we would feel less secure living in another area" *[R41, Female 30, Tamil, Roman Catholic, living in a brick house, sometimes short of money]*.

RESEARCHER'S NARRATIVE 3: "YOU HAVE ONLY SEEN THE BRIGHT SIDE"

During the final Focus Group Discussion with the women, I wanted to test my findings. I said to the women: One of the most remarkable things I have discovered through this field work is that you cooperate across religions, you exchange food and you help your neighbours.
The women started laughing: "You have only seen the bright side. You have not been around long enough to see neighbours fighting in the streets. You have not experienced the area when the electricity bill arrives".
[FGD respondents]

Investing in social capital

A majority of the respondents demonstrate the importance of investing in **social capital** as a risk prevention- and mitigation strategy. Particularly those who have managed to allocate more assets than others in the community, express the need of securing their household economy through good relations. A female shop owner illustrates this by telling her story:

"I am in a different position than many others. I am interacting with almost every person in the shop, so therefore I know a lot of people. Some time back, there was a fire caused by gas leaking some blocks away. Some people were just looking at the flames without acting. Because of the shop, I depend on having good relations with everybody. So, I went there and I was the one who stopped the leakage and the fire. Now, everybody likes me and talks with me" *[R7, Female 43,Tamil, Roman Catholic, living in a two-storied brick house, never short of money]*.

The same respondent stated that each year she distributes fried rice to about 150 households during Christmas. This household is not representative for the majority of the respondents included in the survey. Their scale of income is highly influenced by having several family members living and working in Europe. The stated daily income is 1300 rupees and the household contributed with 300,000 rupees to cover 50 per cent of the *dowry*, the bridal gift, to secure her niece's wedding. Analysing the positioning of this particular household, compared to others in the community, demonstrates a portfolio of interlinked physical assets (a shop) and social assets (strong social network), which strengthens the household's capability to resist vulnerability derived from external risks. Social capital is efficiently utilised to *bond* and maintain relations within the community. However, this example identifies multiple assets securing the sustainability of the household, underlining the perception of Adam and Rončević (2003:178), who argue that the value of social capital should not be over-stated, but should rather be recognised as one piece of a more holistic puzzle.

Social capital as a coping mechanism

Social networks are often highlighted as a key reasoning to why some people are richer than others. Respondents in Kimbula-Ela portrayed a clear line between social capital and economic wealth. One of the respondents argued that: "Others are richer because they have helping hands from relatives and employers in times of crisis" *[R13, Female 25, Tamil, Hindu, living in a shack, always short of money]*. This perception is congruent with the Colombo poverty studies of Gunetilleke *et al* (2004), who concluded that "both poor and non-poor households felt that weak social networks perpetuated poverty" (Gunetilleke *et al* 2004:59). Analysing how social capital is utilized as an asset within a household's risk management strategy, demonstrates a correlation between the wealth of the respondents and their ability to address risk through their social capital. Findings indicate that while those who are never short of money use social capital as a preventive- and mitigation risk management strategy, those who are always short of money depend more on social networks as a coping mechanism. Several respondents argue that they seek access to financial capital through their social networks in times of crisis: "The owner of the hardware shop where my husband works sometimes gives money in times of emergency" *[R32, Female 46, Sri Lankan Muslim, Muslim, living in brick house, sometimes short of money]*.

Pride and poverty

"We have no one to help us. We suffer by ourselves. My husband is a self-respected man and he never asks anyone for assistance" *[R13, female 25, living in a shack, always short of money]*. There are two important statements in this quotation. First and foremost the respondent supports the importance of social capital in households' risk management strategies. Secondly, she points to individual **pride** as an element limiting a households' utilisation of social networks as a safety line. The household described above prefers buying food on credit from a local shop, along with high-interest loans from a moneylender, instead of borrowing interest-free money from friends and neighbours.

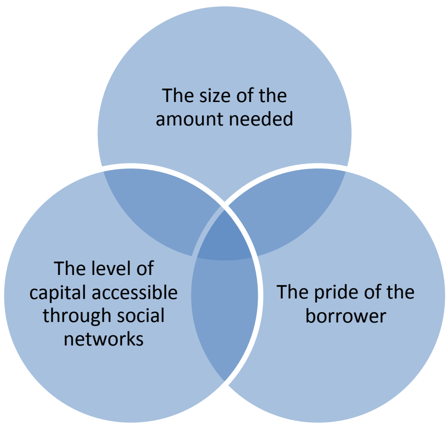
According to findings presented in table 14, 26 respondents state that they borrow money from others in the community. There is however a distinction between those who borrow from neighbours and those who borrow only from relatives. Eleven of the respondents who are *sometimes short of money* explain that they frequently borrow smaller amounts from neighbours. Among these, five (two Muslims, one Hindu, one Buddhist and one Roman Catholic), state that they only borrow from relatives. Six of the 15 respondents, who are *always short of money* and frequently borrow through their network, (three Muslims, two Hindus and one Roman Catholic) argue that they only borrow from relatives.

Particularly Muslim respondents argue that they don't borrow from all sources available. Eight Muslim households were interviewed during the field visits. Out of these eight, five state that they only borrow from relatives or other Muslims relations. When asked why they only borrow from Muslims, the answer is twofold: Keep up respect and adhere to Islamic rule of not borrowing money on interest. It should however be noticed that respondents who state the importance of borrowing only from relatives tend to have access to finance through other, more formal sources, such as gold loan in bank. As an example three of the five Muslims, who borrow only from relatives have gold loan. All though the Muslim respondents try to avoid high interest loans, a household's prospect of mitigating economic risks through kinship networks depends on the economic capacity accessible through their social capital.

53-years-old Mohammed used to run a small shop in the streets of Pettah, selling *salwar kameez* (traditional women clothing), sewed by his daughters. Prospects of generating income through street sales were however affected by government interventions, clearing the shops from the streets and limiting the informal economic activities: "They said it was for security reasons, and that we would be given another place, but this has not happened. I am at home with no job. My two sons in law sustain the household with low salaries. We have no relatives to help out. We don't get money on interest. We don't know the moneylender at all. We never ask money from others. We don't want to go and borrow from every man. Even though we are poor we want to keep up our respect. We buy the daily necessities on a credit. We sign the purchase and by the end of each month we pay" *[R27, Male 53, Sri Lankan Muslim, Muslim, living in a brick house, always short of money]*.

While some Muslims consistently borrow only from Muslims, others argue that they borrow smaller amounts from non-Muslim neighbours. It depends on the size of the amount needed. "Jelia" illustrates how her household determines where to access money: "50 or 100 rupees you can ask from the neighbours, but for bigger loans we go to the bank with our jewellery. We don't buy groceries on credit. In the hardware shop where my husband works, the owner sometimes gives money in times of emergency. As good Muslims we don't borrow on interest, and we don't give on interest" *[R32, Female 46, Sri Lankan Muslim, Muslim living in a brick house, sometimes short of money]*.

FIGURE 4: FACTORS INFLUENCING ACCESSING MONEY THROUGH SOCIAL NETWORKS



Source: Findings from semi-structured interviews.

The role of religious networks in risk mitigation

Respondents included in this study belong to different religious groups. Throughout the data collection it became clear that religious networks play a significant role in mitigating seasonal economic risks faced by individual households. The economic support generated through religious networks is particularly interesting when linking the practice to seasonal vulnerability. Sixteen Roman Catholics and six other Christians interviewed, stated that December and January are the most difficult months to manage. During December they get indebted in order to cover for expenses associated with Christmas celebrations. January is difficult as a direct consequence of Christmas spending: “We call January the bottle month. During Christmas in December we spend everything at hand, so in January we sell the empty bottle” *[R12 Male 57, living in brick house, sometimes short of money]*.

Comparatively, the Muslim respondents do not state that they become indebted during their religious events. They receive annual benefits generated through their Mosque and religious networks. During Ramadan, each Muslim household receives 10 kg of rice, some dry fish and fruits and 1,000 rupees distributed through the Mosque. Additionally, the Muslims also receive free soup in the Mosque, to break the fast in the evening, throughout Ramadan. One of the Muslim respondents explained that: “During Ramadan our local Mosque receives rice and fruits from Iraq, Saudi Arabia and Qatar” *[R26, Male 41, Sri Lankan Muslim, Muslim, living in a brick house, sometimes short of money]*. This mechanism of distributing food through a global religious network demonstrates elements of *linked* social capital (Woolcock and Narayan 2000), which is not present in the Christian church during Christmas celebration. The indication that the Muslim respondents avoid indebtedness through preventive mechanism enforced through their religious network strengthens the idea that elements of *bonding*, *bridging* and *linking* within social capital increase chances of addressing economic vulnerability through social capital (Narayan 1999, Woolcock and Narayan 2000).

CHAPTER SEVEN: CONCLUDING REMARKS

Summary of thesis

The core aim of this thesis has been to explore the dimensions of urban poverty through analysing the urban poor's capacities to prevent, mitigate and cope with risk. Urban poor livelihoods are exposed to a number of risks, derived from both domestic challenges and macro-economic fluctuations. An increase in oil prices in February 2012 in Sri Lanka had immediate repercussions on the urban poor's vulnerability, affecting their prospects of addressing economic vulnerability. Case studies based on the stories told by the urban poor have portrayed complex survival strategies, and creative manoeuvres to cope with vulnerability, pointing to strengths and limitations in their prospects of successful risk management. Key findings elaborate on the contextual challenges of urban poverty in Colombo.

Portraying day-to-day income

The urban poor identified the lack of employment opportunities as a major barrier to address their income vulnerability. A majority sustained their livelihoods through day-to-day income, derived from informal manual work, which they described as insufficient and unpredictable. In particular, the challenges derived from seasonal income and income decline caused by the wet season, were highlighted as key concerns. A majority of the respondents stated that they lose income during the wet season, which results in increased indebtedness to cope with the unpredictability.

Risk mitigation and risk coping

The proactive and reactive strategies of the urban poor, dealing with unpredictable risks embrace a range of informal risk management arrangements, such as borrowing from neighbours and relatives, taking up high interest loans from moneylenders, join *chitus* or buy food on credit. Findings from this study illustrate how individual households apply multiple risk management strategies simultaneously in order to secure their livelihoods. The capacity of an urban poor household to manage risk is determined by a portfolio of material and non-material assets. Secure housing conditions and employment opportunities are crucial components. Simultaneously, prospects of successful risk management are highly influenced by individual capacities and social networks. Findings also indicate that households which are exposed to multiple sources of risks are less capable of addressing their vulnerability through mitigation strategies. Rather they tend to rely on more costly coping arrangements.

The value of social and religious networks

Case studies have illustrated how social networks play a key function in risk management strategies among the urban poor in Kimbula-Ela. Community members assist each other in life-cycle events such as weddings or funerals, or in times of flood. Respondents argue however that community cooperation has declined the last years due to increased economic hardships. They argue that the poorest of the community are excluded from certain informal arrangements generated through social networks, such as food exchange, as the poor cannot afford to provide counter services. Findings indicate that those who are in higher wealth categories; *never short of money* or *sometimes short of money* have stronger social networks than those who are *always short of money*. Simultaneously, respondents identify strong social networks as one of the keys to escaping chronic vulnerability.

Prospects for further research

For further studies it would be interesting to extend the period of data collection to a whole year, analysing how seasonal varieties *actually* affect urban poor's income pattern and cash-flow management. Investigating intrahousehold consumption pattern in detail would also be of great value, aiming to grasp the urban poor's perception on how they define nutritious food and what they consider to be unnecessary expenses. Why do some poor households prioritise to spend money on alcohol, simultaneously as falling sick due to lack of nutritious food?
For this matter a quantitative approach, embracing a greater range of the population would be beneficial in terms of achieving more generalizing data. Including a larger sample group might also prove beneficial in terms of mapping the extensiveness of business opportunities and business failures among urban poor households, generating comparable data on risk management strategies among microfinance clients and non-microfinance clients.

Assessing the impact of relocation

All respondents included in the survey are prone to be relocated to another area. This study has attempted to analyse how the risk of relocation influences the long-term planning of the households. As a comparative analysis it would be interesting to include an additional set of respondents who have already been relocated. The respondents in Kimbula-Ela all have ideas on how the relocation will have a negative impact on their livelihood strategies, described as: income loss due to lack of employment opportunities, deprived abilities to utilise the house as an asset for IGAs, reduced capacities to manage risks through social networks, increased religious and ethnic tensions caused by scattered social ties and re-shaped communities. Hence, a comparative study embracing both respondents who are *prone to be relocated* and respondents who have *already been relocated*, might prove beneficial when analysing the value of informal risk management strategies.

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APPENDIX 1: INTERVIEW GUIDE, SEMI STRUCTURED INTERVIEWS

Respondent No: **Date:**

Category 1: Respondent/household data

1.1 Gender: M/F
1.2 Name:
1.3 Age:
1.4 Marital Status:
1.5 Ethnicity:
1.6 Religion:
1.7 Size of household:
1.8 Number of children in household:
1.9 Number of years living in the area:
1.10 Years of schooling of adult members of the household:
1.11 Household average income:
1.12 Who makes the main decisions within the household?
1.13 Did your household experience that any of your members have died?
1.14 Do you have access to any land? / Do you grow any crops or fruits?
1.15 Does your household have private toilet facilitations?

Category 2: Income data /Asset management (Economic Risk Management)

2.1 Main sources of income:
2.2 Number of people in the household who contribute to the economy:
2.3 How do the adults contribute to the household economy?
2.4 Do the children contribute to the household economy?
2.5 Do you have any family enterprises?
2.6 Is any member of your household engaged in any economic generating activities, where you cooperate with neighbours or other members from the local community?

If yes; a) What type of economic generating activities?
b) How many people cooperate with the enterprise?
c) Do you have any regular customers?
d) If yes, how did you achieve regular customers?

2.7 Does your household have any secure source of income, where you receive the same amount every week or month?
2.8 Does your household have any savings?
2.9 Do you consider your household economy as: a) **Never short of money** b) **sometimes short of money**? Or, c) **Always short of money?**
2.10 If short of money: What time of the year is your household short of money?
a) Why?

2.11 How do you see the economy of your household compared to other households within the community? a) **Average,** b) **less fortunate** or c) **more fortunate** than others**?**)
2.12 How do you define a successful household economy?
2.13 Are there any households within this community who are richer than others?
If yes:
a) Why do you think they are richer than others?

2.14 What are the main economic challenges faced by your household?
a) About how much money does your household spend on the following categories:
(*what would you say is the most expensive and the least expensive*):

Food:
School:
Family support:
Securing the house against rain etc.:
Religious rituals:
Clothes:
Other things:

Category 3: Risks related to seasons
3.1 How do the different seasons affect the economy of the household? a) Main challenges during wet season: b) Main challenges during dry season: **3.2** How does the household act to mitigate the challenges of uneven income throughout the year? a) Risk management during wet season: b) Risk management during dry season: **3.3** What happens if the household does not manage to address the economic risks? (Give examples) a) What are the consequences? **3.4** Who helps you if you fail to generate enough income?

Category 4: Risk Mitigation Strategies/Social capital and Problem ranking
4.1 What do you think are the main challenges (*risks*) faced by people living in this community? a) Can you *rank* the problems? **4.2** What kind of mechanisms exists within the community to respond to these risks? a) Formal arrangements (NGO, governments, CBO): b) Informal arrangements (neighbors assisting each other, family ties): **4.3** Are there any leaders in the community? a) how would you characterize the role/tasks of a leader? b) Do most people have trust in the leader? c) Do you? **4.4** Are there other people in the area who are considered to have "more power than others"? a) How would you characterize the people with power in this community? **4.5** Do people with power help other community members in times of crisis? a) If yes, *how* do they support, *when* do they support, and *whom* do they support? b) Who does your household seek in times of a crisis? **4.6** How do the members of the community work together to address the challenges within the community? a) Can you provide an example of a case where the community has mobilized to solve a problem? b) Are there any challenges within the community which you consider impossible to solve by the members of the local community? **4.7** Are any of the household members engaged in any community groups or political groups? **4.8** Do you feel that you can discuss politics in the streets or do you keep quiet? a) Please explain why.

Category 5: Looking forward --- out of poverty
5.1 In your opinion, what are the most important *risks* to address in order to improve the living conditions for people in this community? **5.2** Who do you think has the main responsibility to reduce the risks in a community? a) The government b) Local community groups c) Each household has an individual responsibility d) Others. Explain. **5.3** How do you see your household's prospects of increasing income? a) Positive or negative? Why? **5.4** In your time living in the area, did you experience any changes regarding how people assist each other in times of crises? a) Do people assist less now than before? b) Does your household exchange food with other household during religious festivals?