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An Economic Analysis of the Resettlement of Internally Displaced Persons (IDPs) in the East of Sri Lanka

By

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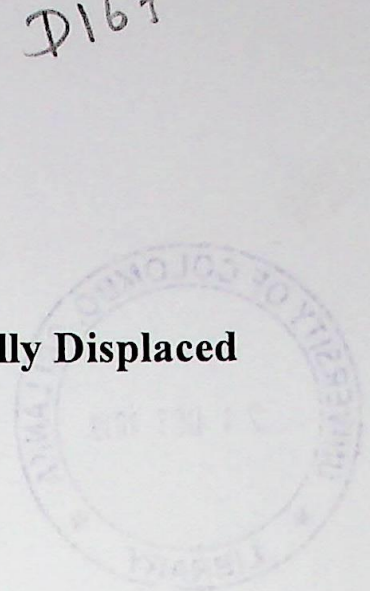
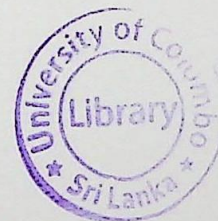
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Abstract

Since the end of Sri Lanka's conflict in 2009 the state had been making efforts to return and resettle the hundreds of thousands of internally displaced persons (IDPs). Resettling and reconstructing the lives of the effected people such as IDPs is particularly challenging and questions on assistance have cut across concepts, disciplines, approaches, and lenses for analysis. This dissertation comprises a case study of findings on the economic recovery of such resettled people in the east of the country. The researcher selected a war affected village called Kathiraveli, in Vaharai of Batticaloa, whose occupants had received extensive housing and livelihoods donor aid due to their displacement in 2006 and resettlement in 2007.

A series of quantitative and qualitative surveys were conducted in 2011 to measure the income recovery levels of the aid recipients. The main research question was "what is the impact of housing and livelihoods assistance on the economic recovery of former IDPs who had been resettled?" Sub questions looked at the role played by five livelihoods capitals, the relationships they have among each other and external processes, with recovery defined as being above or having caught up to previous income levels, while taking into account inflation. The theoretical framework for the study was drawn from the DfID Sustainable Livelihoods Framework (SLF) and the Impoverishment Risks and Livelihoods Reconstruction (IRLR) model. An augmented Sustainable Resettlement Framework was used for the analysis at the individual and household levels where interviews, case studies, graphical outputs, and regressions, along with the researchers own three months of lived experience, was triangulated.

The findings from the mixed methods suggested that there was no significant or positive relationship between housing assistance and income recovery. Results indicated that livelihoods aid, especially material assistance and microfinance, instead of trainings and cash, directly supported the recovery and economic sustainability of the resettled people, in spite of the fraction of resources allocated for the sector. The regressions in particular showed significant relationships between livelihoods assistance and income recovery along with other factors like the sex and health of the aid recipient. The findings said those who received larger housing packages ended up poorer, in the long term, compared to those who received

more modest housing grants, and it was better to provide owner driven houses rather than donor driven houses. These implied the resources allocated among housing and livelihoods needs reviewing to increase aid effectiveness. While shedding light on the dynamic role of capabilities and livelihoods assets, and their intersections with aid, the case study magnified the relevance of happiness alongside income recovery after resettlement.