

HOUSEHOLD PARTICIPATION IN OFF-FARM EMPLOYMENT IN NEW SETTLEMENTS: A CASE STUDY IN MAHAWELI SYSTEM L IN SRI LANKA

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The *Mahaweli* system L, as a post-conflict human settlement in the dry zone of Sri Lanka, faces many issues related to agricultural sustainability under climate shocks that negatively impact settlers' welfare. Diversifying to off-farm employment (OFE) is proposed as an effective strategy for rural households for diversifying income, increasing welfare, and reducing agricultural risks. Even within *Mahaweli* system L, OFE shows a clear potential to improve household living conditions. This study assessed the income structure, off-farm engagement of farming households, and the factors influencing OFE participation. The study included all administrative units of *Mahaweli* system L. A proportionate and random sampling technique was used to collect primary data from 250 households. The data were analysed using descriptive and binary logistic regression. Households engaged in off-farm activities were 66%, while 73% and 16% were employed in non-agriculture sectors and in agriculture, respectively and 12% were self-employed. Off-farm employment accounted for 65% of the average household income, while 81% of it was generated through non-agricultural OFE. The education level of the household head and the number of family labour showed a significant ($p < 0.05$) positive impact on households' participation in OFE, whereas the cultivated extent of owned farms and the distance to the nearest urban centre resulted in a significant negative impact. Moreover, influential factors differ depending on the type of OFE. The majority (82%) of non-OFE households expressed a willingness to participate in OFE. Two major barriers to entry into the OFE were a lack of opportunities (92%) and a lack of awareness (76%). From the standpoint of policy and development practice, the findings suggest that concerned authorities should provide efficient support services to households and establish infrastructure facilities in the *Mahaweli* system L to increase participation in OFE.

Keywords: Human settlement, Non-agriculture sector, Off-farm employment, Post-conflict