Submission of Women's Organizations in Sri Lanka on the Sri Lanka's Poverty Reduction Strategy Paper (PRSP)

We, a large group of Women's organizations, working in different parts of Sri Lanka on a variety of issues and sectors, have carefully studied the Document titled "Connecting to Growth: Sri Lanka's Poverty Reduction Strategy" that was discussed and agreed upon between the Government of Sri Lanka and the World Bank at Sri Lanka Development Forum, in June 2002. We do not see any effective strategy or process of reducing poverty in Sri Lanka included in the PRSP. It would further increase the burden on the poor.

It is our view that it would have an adverse impact on the poor and working people of all sectors of society and that the poor rural and urban women would be specially victimized by the harmful results of the proposed strategy and programmes as a whole.

Adequate discussion has not been held in the preparation of this strategy with any of the people's organizations and their participation has not been obtained. Therefore, we do not agree with this strategy document, also due to the reasons explained below. Therefore, we would like to request that a wide dialogue should take place with the participation of the people of Sri Lanka and particularly with the organizations making this submission, before decisions are made about a strategy for reduction of poverty.

1. The Strategy for Poverty Reduction (PRSP) has been decided without informing and consulting the views of a majority of the people in Sri Lanka

As noted on page 8 of the PRSP, UNDP has hosted a consultation on the PRSP in Colombo on 22 and 23 October 2001. It says there over 300 participated at this meeting representing the relevant sectors. The Alliance for Protection of National Resources and Human Rights (ANRHR) wrote to the Country representative of the UNDP requesting for the list of participants for further understanding of the process of dialogue. (See annex 1). They have not yet received a reply to this letter. However, organizations or groups that have been working with people in different sectors for more than 10 years have not been invited to this process of consultation.

(Note: This list was given to a representative of the Alliance (ANRHR) at the end of March in Washington at the WB head office by the Country Director of the WB. We are now aware that many of the organizations that participated in the above consultation strongly disagreed with some of the key proposals and this discussion did not provide opportunities for suggesting any major changes in the PRSP).

2. Further, no discussion or consultation of the views of the organizations of the poor such as Farmers, fisher communities, plantation workers, small scale producers, industrial workers trade unions, has been done. Therefore, it is clear that the poor have not been consulted in this process. Thus, the stake holders considered in this process have been only the Government, representatives of the World Bank, other IFIs and those of the private sector. Therefore, the ideas in the PRSP cannot be accepted as those representing the views of the people.

3. Increase in the per capita Debt

The total debt estimated in the PRSP of June 2002 is US $ 6095 million which is equivalent to about Rs. 590,000 million. Thus, the per capita debt of Rs 83,000 would increase by another Rs. 32,000 and the total per capita debt would add up to Rs. 115,000. This is a burden of debt that the average citizen can not bare.

Under ii on page v of the Executive Summary "Building a helpful macro economic environment" various taxes and tax reforms has been included towards strengthening the financial situation of the Government. What is intended here is to provide concessions to the private sector to encourage investment in the country. These tax burdens arising out of the concessions as well as the burdens above have been transferred to the ordinary people. This cannot be accepted as a plan for reducing poverty.

4. Legal Reforms and new legislations.

On page V of the Exe. Summary, it is proposed that the number of employees in all Government Departments should be effectively reduced. The large numbers of people who would thus lose their employment and the 90% of the poor in the rural areas as mentioned on page iv and the rural population that is encouraged by the Government to migrate to urban areas as noted on page viii will add on to the poorest population in Sri Lanka in the future. Since these processes would only increase the number of un-skilled, inexperienced people who will have little opportunities for improving their social status. These proposals would not reduce poverty but would only worsen the situation and the number of the poor.

The attempts made to remove labour protection laws, removing the existing security of employment, and increasing the number of compulsory overtime work hours further, would be detrimental to the security and wellbeing of all types of labour. It is mostly the women who will become the worst victims of this desire to create more of cheap labour as a way of encouraging investors.

Further the PRSP in the envisaged structural reforms in the agricultural sector expects that the rural population would sell their land plots and would migrate to the cities in large numbers. Proposed "land titling" intends to grant "freehold" titles to 1.2 million just within the coming year. It is said that the rural population is expected to reach 50 % of the total population by the year 2010 (within the next 7 years). The proposed Land Ownership Law and the Land Use Policy intends to get the lands of the rural people to be sold out as quickly as possible. This would make it impossible for those who have migrated to the urban areas but are unable to fit themselves in to urban living or those who lose employment and also those who can not get urban employment to go back to their villages.

On page vi of the Executive Summary, under the sub heading Reforms in the Labour Market, it is said that "through regular dialogue between the Government, employees and the employers the institutions would ensure that labour market reforms would be carried out without resistance". However, there is already strong opposition from the workers and other civil society organizations to the proposed reforms on these.

Therefore, when these proposals are made without awareness and approval by the people, people will not accept them as their proposals which would make it impossible to implement them. Further such attempts would lead to strong opposition and unrest among people. Therefore, we do not accept them as proposals for poverty reduction.

As is well known the labour force in Sri Lanka now comprises increasingly of women. Therefore, we as women's organizations are particularly concerned about this tendency to reduce opportunities for bargaining.

5. Harmful impact of proposed Free Trade Agreements on the livelihoods of farmers, fish workers, and other small producers and serious threat to food security.

On page VI the bi-lateral Free Trade Agreements reached and are expected to be reached with India and other South Asian countries and also proposed FTAs with other rich countries can not be accepted as a strategy for poverty reduction in Sri Lanka. This is because in competition with India, Malaysia, Japan and other similar countries the small farmers, the fisher groups, and other small producers would face a situation of complete helplessness. This is because in most of these countries there is strong support and subsidies given by the Government to agriculture and other producers. Therefore these countries are able to export food crops and other products at low cost. This is a strategy adopted in international trade to destroy productive capacity of poor countries. While import liberalization is done in Sri Lanka, there is a rapid process of cutting down subsidies and services provided by the Government to these domestic small producers. This leads to a massive process of these small producers being compelled to leave their productive activities and livelihoods. This increases poverty and they lose their food security.

The experiences so far prove that these agreements worked out between International trade powers, the Chambers of Commerce and the big business only serve the interests of such big powers but are very destructive to the smaller producers. It is obvious that in a situation of unequal competition the weaker competitors should be given protection. The reforms proposed would only destroy the protective arrangements that existed so far. We disagree with such proposals since they would only increase poverty.

6. Depriving the poor of health and education services through privatization of these services.

On page ix under "Investing in People" it says , a greater role of the private sector is seen in education and health services and it is expected to bring about an improvement in the quality of services provided by the Government to the poor groups and to increase the opportunities of obtaining such services utilizing the resources of the private sector" However, during the last few years about 400 rural schools have been closed The allocated funds to the Provincial Councils and the Pradeshiya Shaba (Regional Councils) have not been provided. Education and health services in rural areas have deteriorated. It is known that this is a result of the rationalization and privatization proposals of the World Bank.

It is admitted, both in the PRSP and in most other places that Sri Lanka has achieved remarkable social and human development results in the post independence decades due to its policies of the Government taking responsibility to ensure that education and health and also other social welfare services were available to all, particularly to the poor sections of society. A careful study of the privatization processes recommended by the WB in the last two decades have been towards negating these achievements, although some of the indicators still remain high.

The present proposals of privatization or Public- Private Partnerships would only lead to these services becoming beyond the reach of the poor. The serious inequalities in opportunities that resulted from such policies during the decade of 1977 to 1987 have been identified as one of the major causes of the rebellion of youth in 1988 to 1990 that led to 60,000 disappearances. This also contributed to the war in the North. As women we are deeply concerned about the social unrest and violence that arises from such disparities and would oppose any policies that aggravate such disparities.

The poor in villages and towns can not afford to obtain services from the health and education institutions that are fee levying and we know that private sector is not concerned about the affordability of these services to the poor. Such privatization certainly should not be imposed on a country such as Sri Lanka. Thus we reject policies of Privatization or of Private – Public partnerships in health and education.

7. Privatization of Water, Sanitation and Sewerage

The PRSP proposals on inviting private sector investment for development of Water, Sewerage and Sanitation is clearly designed to allow big international water companies to come into the country. The Section under this topic on page 62 clearly says that "pricing" of water for even the poor rural and urban household users is clearly on the agenda. This concept has been introduced with the statement that the Water supply and policy recognizes that water is not only a basic human right but also has an economic value.

The present island wide programme named the Community Water Supply and Sanitation Project is clearly designed to develop the necessary infrastructure both in the urban and rural areas for measured delivery of water with the possibility of "full cost recovery".

The concept of "providing safe drinking water" has been equated to converting the naturally available water into pipe borne water.

There is very little attention given to the fact that the biggest cause of pollution and poisoning of water is the type of chemical agriculture that is applied throughout the country. The possibility of eliminating this massive chemical pollution by shifting to ecological farming and ecological irrigation and water conservation has not been thought about. Further, the envisaged conversion of the present type of small scale subsistence farming to larger scale commercial agriculture by foreign companies who look for short term profit would make the situation worse.

Any serious analysis of the situation of poverty in the rural areas and also among the urban poor would have shown that Sri Lanka is a country that can not think of "full cost recovery" for water from a big majority of the population. Thus, in history, water, irrigation, agriculture and food security have been approached with a very different strategy. This is to make such essentials available to the majority of the people at "no cost' or with 'very little cost'.

It is totally incorrect to see this as a process of cross subsidizing, since the poor; the rural farmers and cheap labour provided by all workers are already heavily subsidizing the rich consumers and rich users. In the absence of a policy of ensuring that these rural producers and labour are provided mechanisms for recovering the cost of the labour and services provided by them

It is also stated that Private water companies would be invited to initiate water marketing in profitable areas.

We wish to bring to notice that the argument given in the PRSP about the need to invite private sector to take over water supply in Sri Lanka is false. It says on page 62 that the estimated cost of water supply infrastructure for 2001 to 2010 is Rs. 50 Billion and the Government is only able to put in half this amount at most. Thus, water pricing is said to be necessary to invite the private sector to bring in the balance investment. However, out of the 108 projects listed in the PRSP of June 2002, 18 projects are for water infrastructure development. These include urban water supply projects such as the Greater Kandy and Greater Galle. The total foreign borrowings for the water projects which comes to over Rs. 70 billion, well exceeding the total requirement. Thus, foreign water companies are not required to bring such capital. They will only come to make profits, selling our water to us, using infrastructure that people have already paid for.

It is now known that this policy of water privatization and marketing comes from the pressure exerted by the rich countries such as the EU (secretly) and the processes such as the World Water Forum headed by the WB and the big water companies, to include water sanitation and sewerage in the liberalization process to agree with their agenda pushed through the GATS Agreement to be introduced in the next round of WTO negotiations.

We as women's organizations that have worked with the rural and urban poor are against any attempt to make the poor to pay for water, since we see water as "life" and we value life more than profit. Therefore, we demand that no water marketing policies should be introduced and full opportunity should be provided to the people to utilize their own capacities for ecological water management and they must be full participants in designing water policies to ensure that their interests take priority over the interests of big international water profiteers.

We, a group of leading women's organizations who have committed ourselves for poverty reduction, peace, social harmony and positive human development for many years, wish to say that particular emphasis should be given to the harmful implications of the PRSP proposals on women.

The removal of laws protecting labour rights, abolishing security of employment, imposing increased hours of compulsory over time work in order to create an abundance of cheap labour to encourage investors, are measures that are particularly damaging to women's labour. We reject these proposals since a majority of workers in plantations, export garment industries and other industries is women

Ignoring the obvious reality that foreign investors leave to more profitable countries should have been taken into consideration when very large foreign borrowings are made to build infrastructure to attract them. All such infrastructure is to be paid for by the people of Sri Lanka although it would be these investors who will use them while they are here. The principal of cost recovery has not been applied in this case.

We have serious concern and opposition to the proposal of promoting rural to urban migration by getting the rural small holders to sell their land quickly. This is bound to have very destructive implications on the women since their life security and livelihood security would be threatened. About 400,000 women workers in Garment industries are already facing a treat of losing employment due to garment industries leaving the country. Unemployment in the urban industrial sector is likely to become worse.

There is a serious situation of malnutrition, hunger and anemia already. This is more serious in the plantations and among the rural and urban women and children. The proposed export orientation and commercialization of agriculture will further remove the potential of these people to use their land to achieve some degree of food security and nutrition at affordable cost. Therefore, we oppose the proposed land, water, policies and policies of selling away natural resources.

Similarly we oppose the policies of privatization of health and education considering their special threat to the poor women and children.

We confidently and strongly oppose these plans prepared without consultation with the people and particularly the organizations of the poor since we are in a position to propose much better and more viable alternatives. Further we have the capacity to bring together rural, farmers', plantations', fisheries sector and urban industrial sector women workers. Therefore we insist that neither the Government nor the World Bank or other financial institutions lending to Sri Lanka have a right to ignore such proposals.

We the undersigned women's organizations from all parts of the country would like to invite the Government and the above financial institution to an open dialogue with us, together with the Alliance for Protection of national Resources and Human Rights.

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