

Proposed Water Resources Policy:
Impact of Water Entitlements and Transfers:
Problems of the Small Farmers

Sarath Fernando,
Movement for National Land and Agricultural Reform (MONLAR)
August 2, 2001, at Sawsiripaya, Colombo,
organized by Sri Lanka Association for Advancement of Science- SLAAS)

Summary

Proposed Water Resources Policy and Institutional Arrangements clearly aims at achieving a different objective from what it claims to achieve. The intention is clearly to provide the necessary legal and institutional framework to convert water into a “commodity” for profits of big private companies. It is not a policy that emerged out of the needs of the people here in Sri Lanka, but a policy forming a part of a global process of converting even the most essential services for profits of big TNCs.

Poor and small farmers who are already in desperate conditions created by WB and IMF lead structural adjustments would be compelled to sell away the rights they have inherited though ages for which they have a legitimate right due to the long historical role they have played in building and sustaining the systems of water conservation and management and the infrastructure would be deprived of the most essential natural resources for their survival.

Water privatization and marketing and its impact on small farmers and the poor cannot be taken in isolation. It has to be taken in combination with the other accompanying processes that marginalize them further. The changes proposed in the draft policy are only in the wording to overcome and avoid criticism. Its not only the draft that is objectionable, but the very process of formulation of policy has been highly non – transparent and non –participatory. Therefore a process much more open and participatory is suggested. One way would be to set up a People’s Commission to hear the views of the people .

Whether this policy approach would be helpful in the needed National Development would depend on the effectiveness of the strategies that are being adopted in the country at the moment. These approaches have been proved to fail in achieving the claimed objectives of poverty alleviation and solving other social problems. The very proponents of these strategies and the private sector that lead the economic development processes over the last 24 have accepted their failure. There is also a global resistance to this approach of economic globalization on which the proposed water policies are based.

If we give the needed emphasis in national development to the issues of survival, food security, sustainability and also alleviation of the sufferings of the poor, then there are far more socially just, effective and ecologically sustainable approaches to water conservation and equitable use of water for the present and future generations, at much lower financial, human and environmental costs.

What is essential therefore is to develop and depend on our own original thinking based on our needs and background and the local, rich, knowledge base, rather than rushing it to develop legislation and conditions as required by other forces that have motives other than the interests of the people.

Introduction

Draft “National Water Resources Policy and the Institutional Arrangements” prepared by the National Water Secretariat, is supposed to have been amended in early 2001, taking into consideration the criticisms and proposals made by the people.

The objective of this paper is to look at the position of the small farmers in Sri Lanka in relation to the proposed water policy and the implications this will have on their lives and livelihoods. In discussing these the declared objectives of the policy of better protection and management of water to meet the essential requirements of all people at present and in the future, to avoid a water crisis are taken into consideration.

Although in the revised draft policy, some controversial and debated wordings have been changed and the drafters have admitted that some of the basic principles such as “ownership of water resources by the state”, charging the cost of water by “water pricing” should be changed, the essential objectives of this process and the questionable, non participatory process adopted in the formulation of policy and decision making remains unchanged.

The ultimate objective of the processes of issuing water entitlements and transferable (tradable) water rights, inviting private sector for investment in water, water distribution or marketing, diverting the use and allocation of water from less profitable to more profitable uses are all means of converting water from a “freely available natural resource, essential for life of all beings and of nature, to a “commodity” for profit making. This objective remains unchanged.

Who are the small farmers?

There are around 1.8 small farmer families. About a million of them are paddy farmers. It is said that there are 2 million “Samurdhi beneficiaries” whose family income is said to be less than Rs. 1,000 per month. About half the population of pregnant and non-pregnant mothers are said to be anemic. 60 % of children below 5 years were found to suffer malnutrition in 1993 in an island wide survey conducted by UNICEF. There is no evidence of improvement of this situation since then.

Sri Lanka is said to have one of the highest rates of suicide and much of these are among the rural poor farmer families. In 1994 24 farmers committed suicide due to unbearable debt. These suicides have continued, although they do not receive the same attention today due to political reasons.

The armed youth uprisings that took place first in 1971 and repeated in 1988 and also the ongoing war in the North –East are partly a result of large numbers of youth not having satisfactory opportunities in the rural economy or out side.

The threats that the rural poor farmers face under the adjustments proposed and carried out in the economic environment should be looked upon considering their situation and factors that affect their livelihoods, food security and nutrition and also their social situation.

Proposed water policy is only a part of these overall economic adjustments. Although water management and conservation are essential requirements, the Water Policy in Sri Lanka emerged not in response to our needs, but as part of the global process of

converting water into a “commodity for profit”. In this situation any new policy on water management and use of water should have primarily looked at ways and means of alleviating the suffering of these people and of improving their life conditions. However, the priority in the new Water Resources Policy and Institutional Arrangements is clearly to do the opposite. It clearly intends to divert the utilization of water away from contributing to the livelihoods of these people towards other profitable uses by those who are already rich.

Attempted diversion of water away from survival needs to profits of companies

The policy document gives much emphasis to the need to look at the multiple uses of water. While saying that irrigation needs emphasis and should be given due importance the document also says that at present irrigation takes away 90 to 95 percent of the water resources. It also says much of the irrigated agriculture today is in producing low value crops. The areas where new and increased water allocation is required mentioned are in industrial uses, urban water supplies, and hydropower generation and in recreational uses such as tourism. It should be admitted that these are valid uses. However, what is hidden in the policy draft is that in all these areas there are plans to invite big private sector foreign companies to obtain “Bulk entitlements” from the state and use the water for their greater profits. The actual objective of the state in taking over ownership is to be free to divert water for such water businesses and for the government to have the power of taking away water from the present users, such as small farmers.

Part of a global process

It is well known that the Globalization of market carried out through GATT and WTO using WB and IMF as their agents and instruments of pressure, intends to introduce new adjustments such as GATS (General Agreement on Trade in Services) in the near future. Water, health, sanitation, and also other services such as education, electricity, banking etc. are to be included in the new GATS agreement as services to be privatized. World businesses have calculated the market expansion potentials if these essential services are to be brought under such agreements. Water marketing is already seen by big TNCs such as Monsanto, as areas for massive profits in the future.

It was for this purpose that the “World Commission on Water for the 21st Century” was set up. Converting water into a commodity globally was one of the principle recommendations of the report of this commission that was presented at the World Water Commission meeting held in Hague, Netherlands, in early 2000.

The report stated that since the water management requirements of the future would necessarily have to depend on private sector investments, it was essential to introduce “full cost pricing of water”, saying that that was the single most important recommendation of the World Commission.

The other agenda

In Sri Lanka this process of attracting private investment for water services requires a considerable diversion of present water uses away from irrigation and agriculture to other purposes. While one cannot disagree with these needs and the need for rational

allocation and distribution among these needs, what needs to be looked at carefully is the actual agenda behind these proposals.

Concrete evidence of this agenda was seen in the recommendation that was made by the World Bank in its policy recommendation “Non Plantation Sector Policy Alternatives.” In March 1996. It said that as a requirement for higher growth in non-plantation agriculture it was necessary to discourage small farmers from cultivating “low value” crops, rice and other domestic food crops such as onions, potatoes, chili, vegetables. It also said that as a means of encouraging small farmers to sell their land and leave agriculture (particularly growing domestic food crops) providing free irrigation at government expenditure should be stopped. It concretely says “Water is a commodity. Therefore, it should be marketed by the private sector. For this purpose it is recommended that the government should establish “water property rights”. The idea of establishing of “tradable water rights” included in the policy draft would allow the traditional water users under irrigation systems to sell (or transfer) their water entitlements.

An assessment of the of the overall impact on small farmers

A proper assessment of the net impact on small farmers of the proposed water policies would be possible only by taking into consideration several other factors that are related to this process.

The impact on the farmers is a result of a combination of factors that are related to the process of water marketing. Considering the nature of our small farmers and their vulnerable situation as discussed earlier, any possibility of marketing of water, with water having a market value, would compel most of these desperately poor people to sell away whatever access they have for water and irrigation, even when this loss of access would make their livelihoods more difficult in the long term.

World Bank and the planners of the present water policy now say that it is no longer possible for this type of small farmer based, domestic food producing agriculture to continue. The complete disappearance of such small farmers is inevitable according to them. This is happening not only in Sri Lanka, but also in all countries of the world.

Even in the developed Western countries the family farms, which are much bigger in scale compared to our small farms in Sri Lanka, are in a serious crisis.

The net impact of this in the developing countries, particularly in Asia where there is still a very large population of small farmers is disastrous.

This explains much of the massive resistance to the processes of Globalization. Small farmers probably are the largest group who are thus fighting for their survival, against Globalization through WTO, GATT, and Free Trade, opposing WB and IMF strategies, Millions of small farmers in Asian countries such as

India, Thailand, Philippines and in Latin America countries such as Mexico, Brazil and also in Africa have been compelled by conditions to fight. Even in the European countries and USA the relatively small farmers are in the forefront of these battles

In Sri Lanka although the small farmers have not yet taken up such levels of organized action, the desperate situation they face is expressed by farmer suicides, recent hunger strike, and repeated uprisings of rural youth that lead to tens of

thousands of death making Sri Lanka one of the most violent and suppressive countries in the world.

This situation and the many factors that lead to this situation can be listed as follows

1. Introduction of “ Green Revolution” after the Second World War made small farmers totally dependent on the technologies and external chemical inputs and seeds that they did not produce them selves. This was a means by which big multinational companies took control over the agriculture.
2. Although the World Bank spent very heavily at the beginning in providing technical services, extension work, research and also large infra-structure development in irrigation, all of which was given as loans, now there is a completely changed policy where they are strongly opposed to the government providing such services to the farmers and also opposed to any government policies of protecting such farmers.
3. The inputs and services that were relatively cheap at the beginning now have become prohibitively expensive for any small farmer. The present market lead policies are against any forms of government intervention in price control or providing supportive services in marketing, seed production, providing irrigation etc. Adjustments in the exchange rates, which again resulted from the policies advocated by the WB, have made the costs of inputs and the cost of living in general extremely high.
4. Having created this economic background, the same WB and TNCs that benefited from these changes are now saying that these farmers are no longer able to survive in agriculture and therefore they must be encouraged to sell their land and get out of agriculture. But, the big question that remains is where could they move into? And what other livelihoods do they have ? It is for these reasons that we say that this whole proposal for water marketing can not be taken in isolation.

Growing resistance and criticism

There is a growing criticism and resistance to the worldwide process of “trade liberalization” and “structural adjustments”, the process described as “Globalization”, that has made it almost impossible for the WTO, WB and the G-8 countries to meet openly. Every meeting that these powers organized to plan their future processes of market liberalization, from Seattle in 1999 to the G-8 Summit held just a few days ago in Genova, Italy, have been opposed consistently and with increasing strength and determination. People throughout the world have joined in these protests. One of the main reasons for this opposition is that the plans attempted would make life impossible for millions of poor farmers in all the developing countries and for many in the developed West.

Attempted process of “water marketing” in Sri Lanka is clearly a step in this direction.

A careful look at the list of objectives mentioned as “further objectives” would be useful to see this hidden agenda. The list is as follows:

- *Facilitate National Development* (what strategies of national development ?
- *Conserve and recognize the value of scarce water resources* (Is it the money value or the value of water in sustaining nature and life ?)
- *Ensure equitable sharing of water resources for meeting current and future demands of the population through an efficient allocation system*
(It is important to realize that today’s economic policies look at market as the most efficient system of allocating resources and also efficiency is measured in terms of the possibility of making profits. Market also has a particular interpretation of what is meant by equitable sharing)
- *Recognize the national importance of water allocation to the irrigation sector in terms of such things as amount of water allocated, number of users and potential for improved water conservation* (what does this recognition imply?)
- *Ensure flexibility of water allocation in a way which promotes social harmony and individual decision making* (what does individual decision making mean in this case? Is it the possibility of an individual to buy and sell water ? If this is the case what are its social implications ?)
- *Safeguard investment in water resource development and other sectors of the economy by providing water rights and entitlements* (What is meant is clear. It is the ability to attract businesses to earn profits using water as a commodity)
- *Improve standards in the maintenance of safe quality water sources required for various water uses* (in the provisions made in the drafting of the water act, registration of wells and springs was included with the objective of charging for water services such as supervision and maintenance of the quality of water, which is also likely to be handed over to the private businesses in the future)
- *Ensure a healthy environment and sustainable use of both surface and ground water sources using a comprehensive river basin approach* (another activity that is likely to be transferred to big water companies)

None of these issues are clearly explained in the draft policy and Institutional arrangements. The lack of clarity on these issues seem to be intentional in order to prevent intervention by the people who will be adversely affected.

As we have discussed earlier, much depends on the overall thinking, vision, and strategies that are adopted in “national development” most other concepts used in this list of objectives would be interpreted in terms of what they mean within the frame work of the meaning of “national development”

Therefore, if farmers are to be protected from the adverse effects of the policy of water resources and if decisions are to be taken with participation of people who would be affected, it is necessary to ensure that informed participation of the farmers is taken at all stages of such policy formulation. Farmers should therefore be enabled to not only look at the wording in the policy draft, but also to understand the overall

context in which these policies are made. They should be enabled to understand the overall economic processes of adjustment within which these Water Policies play a role.

What type of national development do we want ?

Although this is a question that goes beyond the issues covered in this paper, it is necessary to consider the main problems that we face in deciding on the direction that should be adopted in national development since Water Policy should have national development as one of its objectives. As already explained the present policy draft intends to bring about a major change in the manner in which water has been utilized. Water privatization and diverting water away from the present survival needs of the people, particularly away from subsistence agriculture by small farmers, is to facilitate the growth oriented economic strategies. It is also to integrate our economy more closely with the process of globalization and structural adjustments where the private sector (including foreign investment) is seen as the “engine of growth”.

However, we have now experienced 24 years (since 1977) of this strategy applied in Sri Lanka. The arguments that such private sector- lead growth would help us in overcoming poverty and in solving other social problems have clearly failed.

The business community in 1998 admitted in its joint declaration that poverty has not reduced, unemployment and other social problems such as health, education and housing etc. have not yet been solved. In a more recent joint statement by the private sector and also in the “ Way Forward Strategy” in which they made their proposals regarding some urgent needs they have strongly stressed on the urgent need to form a “stronger Joint government of the major political parties, agreeing on their proposals. It is clear what they mean is a “stronger government that is willing and capable of meeting people’s resistance to some of the measures that have been suggested that would hurt the people more.

The suggested reform in the labour laws, in agriculture and land policies, putting more burdens on the poor to provide more of infra-structure and other facilities to promote businesses, use of natural resources and their ownership and control are among these.

It is necessary to think seriously whether we want to continue on the same path and in the same direction.

If we agree that there is a need for major changes towards protecting livelihoods, greater domestic food security, nutrition, enhancing the potential for people’s contribution, greater emphasis on direct approach in poverty reduction, since trickling down has not taken place and is not likely to take place in the near future, these considerations will have direct implications on how we look at water uses, its sustainability, equitable distribution and approaches in management.

Following concrete areas need to be considered:

- The ecological approaches adopted in the past, in the ancient irrigation systems and the approaches in water conservation in its natural combination with the rest of the ecological systems provided far greater opportunities for people to benefit and enhance the nature’s contribution to their survival and food security. They were also far less expensive and people’s contribution to

water management was much higher compared to the immense cost necessary to provide infrastructure for measured distribution and marketing of water. Such distribution and marketing by the private sector would require distribution of water through out the country using cemented channels and metered pipes,

- By providing more water to the environment and by increasing the capacity of the soils, forests and agricultural approaches such as organic methods with soil and water conservation, increasing bio mass etc. the present ly seen tremendous damage caused by chemical farming could be reduced. These approaches could be are much better applied by small farmers cultivating for their own food needs and to meet the domestic needs compared to large scale, monocultures and commercial farming. These approaches are certainly much better ways of achieving food security of the poor in our conditions.
- Nature's capacity to increase availability of water as “ Green Water”, in the form of water retained in trees, forests, soils, farms adopting conservation methods so on and the possibility of reducing the alternative damages at periods of droughts and floods by improving the natures capacity to reduce rapid losses and erosion losses etc. could be much more and much cheaper compared to the expensive methods of developing irrigation constructions that emphasize the conversion and retention in tanks, reservoirs and pipelines. Mobilization of the rural farmer population in developing these methods could only be done by increasing people's right to manage and utilize water for their livelihoods with the right orientation in sustainable agriculture and ecological irrigation rather than giving control over to big businesses who cannot make quick profits through such approaches.

For all these what is essential is to have our own original thinking and processes of consultation with the people to share their experiences and local wisdom rather than rushing to introduce legislation merely based on the requirements of forces that are only concerned about plundering the resources of the people and of nature for short term benefits, a process that has not helped us in developing but has proved to be destructive to the poor and for sustainability.

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