

# **PROPOSALS OF PEOPLE'S ORGANISATIONS FOR ANOTHER DEVELOPMENT: *Observations and alternatives on the Sri Lanka Budget 2005***

**Submission by the Alliance for Protection of National Resources and Human Rights (ANRHR)**

## **Introduction**

Budget proposals of the Government are based on its Economic Development Strategies. Both the Government and the lending agencies funding its activities agree that Poverty Reduction (poverty eradication as we would like to call it) should take priority in the economic development strategy.

Since 1999, the World Bank, IMF and the other lending agencies have required that the Government of Sri Lanka should produce a strategy for Poverty Reduction (PRSP) in consultation with the people, and that it should be the basis for foreign assistance. It is further expected that such a strategy should be “Country Owned”. Our proposals towards the preparation of the Budget for 2005 are based on our views for a more effective strategy for poverty reduction in Sri Lanka.

The ANRHR has clearly stated its position in relation to the PRSPs proposed so far, and the agreements reached between the (previous) Governments of Sri Lanka and the lending agencies. Based on those positions, we would like to propose that the planning for the 2005 budget should be based on the following fundamental principles.

All Governments since 1977 (and the lending agencies) have targeted achieving higher and faster economic growth (by attracting foreign investment for export promotion), expecting economic growth to “trickle down” and reduce poverty. Instead, a direct approach to poverty reduction should be adopted

The process of poverty reduction should aim at mobilizing the full potential of the people (particularly of those who are now considered to be the poor) in the process of eradicating their own poverty. The poor people, namely, rural small farmers, fisher communities, women, plantation workers, industrial workers etc., should be the designers and key decision makers in the strategies and plans for poverty eradication. This could be done by taking into consideration the plans, strategies and proposals of the organisations of people in the above sectors as the starting point in the process of formulating strategies and plans. Accordingly, we propose that:

1. The assumption that the Private Sector should be the leader or engine of economic development should be abandoned.
2. The attraction of foreign private investment should cease to be the main strategy of our plans for poverty reduction or eradication.
3. Meeting of the domestic requirements of food (food sovereignty) should have priority over exports in agriculture, industry and services.

We see the above changes as essential and urgent. The present policies have proved to be the main obstacles to a genuine and effective approach to direct poverty eradication by the people, in utilizing their own creative potential. They have destroyed people's initiatives and creative contribution and have deprived the people of access to essential natural resources such as land. The strategies and proposals in the "Regaining Sri Lanka" and PRSP Strategies as adopted at the Tokyo donors' meeting in 2003 would almost totally deprive people's access and control over such resources. They would be completely excluded from creative utilization of such resources for their immediate needs. Further, they would tremendously increase the burden of debt that has already reached unbearable limits. This would further paralyze their creative participation.

### **Fundamental principals**

1. Poverty eradication in Sri Lanka can be achieved only through a process of rebuilding / recovering the "regenerative capacity" of our land and other natural resources. This is the most effective way of meeting the essential needs of the low income earning groups such as the rural agricultural communities, plantation worker communities, small scale fishing communities, rural women and children and urban industrial (low income) workers.

The natural resources base in Sri Lanka is in its ecology: land, water, biological resources, bio diversity, medicinal plants etc.

The other most valuable assets that Sri Lanka has is its human potential which includes such "wealth" as traditional knowledge in ecological agriculture and irrigation, knowledge of utilising its biological diversity in food and medicine and the knowledge and experience about the inter-relationships between nature and life forms. Cultural and philosophical aspects such as values of a "Simple Life", of "non-attachment" etc should be seen as values to be promoted and protected.

Re-building the regenerative capacity of these natural resources using the creative potential of people is the most effective way of harnessing the resources we have.

One essential principle in our development process should be "non-dependence" or "minimum dependence" on external capital and resources in meeting our essential "needs" such as of food and health.

2. The "market" as it is functioning today does not and cannot lead such a strategy. Rather, it is a big obstacle, when it is in the hands of the profit-motivated private sector. The profit-motivated private-sector-led market can only destructively exploit both human and natural resources.

That a non-market approach is necessary is obvious when one examines the statistics of poverty in the country. Nearly 40% (30% according to the Regaining Sri Lanka / PRSP documents) receive an income of less than Rs. 950 per month. This is less than US \$ 0.5 per day. The Samurdhi Movement

figures say that 2.1 million families receive less than Rs. 1500 per month. Thus, about half the population is excluded from participation in the market. They can neither be effective producers nor be effective consumers. The immediate and short term situation demands that they should find ways of meeting their essential needs of food, health, education, housing, clothing etc at very low cost or at practically no cost. Therefore, pushing such a society to adopt a market-led economy without lifting them out of this situation of exclusion from the market was a serious error. The experiences of the last 27 years in pushing the country into purely market led economic policies clearly show that it has only worsened the situation of poverty. The latest proposals such as “PRSP-Regaining Sri Lanka” could only worsen this situation by compelling these “excluded” people to pay the cost of the efforts of a few to enter the Global market.

With these essential principles to be adopted in our economic planning we would now attempt to give a few concrete proposals or strategies in implementations. The proposals we make below are not necessarily “long term goals”, although they may appear to be so. They certainly suggest very radical changes in our present approaches and the present way of thinking in relation to economic planning.

1. People and their creative contribution replace capital, foreign investments and external debt.
2. People and their organisations replace the private sector businesses and multilateral financial institutions as “planners” and decision makers. It is not global capital (Agencies such as WB, IMF, ADB) that sets the agenda for poverty reduction, but people’s organisations.
3. It is not the market that decides on allocation and access to resources, but the producers and their direct link to consumers, with preference given to those who cannot meet their essential requirements of food, health etc in the current market arrangements.

In such an approach, the order of priority in relation to the following questions would be almost completely reversed.

1. Production for what? For whom? For whose needs?
2. How do we produce? With what technology and with what resources?
3. Who decides on what is to be produced? Who decides on the needs, the immediate and short term needs and the longer term needs?
4. How do we meet the primary needs and the secondary needs?

### **Some practical illustrations of the proposed approach**

Let us consider a home garden of (say) between 1/8 or 1/4 of an acre. There are numerous examples of home gardens of this size where a wide variety of plants, fruits, vegetables, yams; growing to different heights, varying between tall trees such as Jack, Mangos, Coconuts to those of middle and low heights, creepers, leafy vegetables, those growing in marshy places and in relatively dry places, food plants and medicinal plants, trees for fuel, for timber, for fodder and for fertilizer can grow together.

Such a home garden would be far more productive compared to any large field with mono cropping. If the principles of sustainable agriculture are applied, such as conservation of soil through prevention of erosion, mulching (keeping the soil covered with mulches), recycling of all organic matter (giving back to the soil what is extracted by the plant in its growth) to the maximum possible extent, by keeping the natural processes of decomposition of organic matter, by avoiding external, harmful chemical inputs, allowing and enhancing natural biological control and maintaining maximum bio-diversity or crop-diversity, such a home garden would not only be totally sustainable, it would also rebuild the re-generative capacity of the social and the biological environment.

The improvement of the topsoil, the humus layer, would increase the capacity for absorbing and retaining water; it would enhance the ground water.

In most of our villages, most people, even the poorest people, have access to such small plots of land either as their own home garden or in the neighbourhood, even if they do not legally own such land.

It is not impossible to imagine rural villages where all households would adopt this approach. This does not require any serious irrigation. The drought losses of the type that we experienced now could be minimized by adopting a multiplicity of crops having a healthy combination of plants that are quickly affected by draughts and those that are not so affected, such as perennial crops.

By adopting an extensive program of re-educating and re-orientation of our agriculture it is not impossible to think of creating such villages in any agro-ecological zone in the country.

Similar approaches in ecological paddy farming have been attempted successfully in almost all agro-ecological zones in Sri Lanka. There are successful efforts at growing traditional seed varieties in rice that have proved to give yields that are higher than the low yields that most traditional paddies are said to give. Some of the tried and tested methods in paddy farming are:

1. Integrated Pest Management (IPM)
2. SRI system of rice farming (System of Rice Intensification)
3. Nava Kekulama

What is common to all these techniques is that they almost completely eliminate the need to use chemical pesticides. They enhance natural pest control and biological processes of sustaining soil fertility and generally require much less water.

The cost of production in all these applications is much lower than the cost of production using conventional chemical farming. It is obvious that about half the population of the country that earn very low incomes will not be able to have even one full meal of rice a day unless the price of rice is considerably reduced. (One kg of rice per day for a family of 5 will cost Rs1050/month at Rs. 35/kg. This is beyond the reach of over half the population). Importation of rice or wheat flour as a solution to this, even as a temporary measure, would be very damaging.

## **The plantation sector**

“Rebuilding the regenerative capacity of the earth (land) and its natural resources” as a strategy of poverty eradication, demands serious rethinking about the approach to be adopted in the hill country and in plantation areas. There are several other socio-political reasons for such rethinking, but we would confine ourselves to the aspect of reviving the regenerative capacity of natural resources, for the moment.

As we all know over 150 years of erosion and absence of the forest (including certain heights where deforestation should not have been done at all) has had serious consequences in destroying the regenerative capacity of our soil, water and the entire ecological system, not only in the hill country but also on all land including those in the planes. It is known that the patterns of drought and floods have worsened as a result. Thus, remedying this damage is an essential task. Today much of the land in plantation areas has become unproductive. The exploitation of plantation labour under the present dehumanizing conditions should not be allowed to continue. Most young people in the plantations do not wish to continue in such conditions of semi-slavery. Wages of plantation workers, at Rs 120/day, is not acceptable for any other form of labour. Plantation workers and the rural village communities in the hill country have a right to ownership and control over land.

We propose that the ownership of land be given to plantation workers and the rural communities for ecological and sustainable agriculture. This would have the dual benefits of humanizing the conditions of plantation workers (recognizing them as full and equal citizens) and utilizing their creative potential in reviving the earth's regenerative capacity, providing better possibilities of food and nutrition and maximizing their contribution to the revival of the overall sustainability of the economy.

## **The fisheries sector**

We propose a similar approach for the fisheries sector to reduce their poverty and to contribute towards the food security / food sovereignty of the people. The right of fishing communities to access and control over their living resources should be ensured.

Plans to convert aquatic resources for further commercialisation, inviting big fishing companies to undertake deep sea fishing, expansion of commercial operations such as prawn farming in coastal areas, promotion of export oriented fishing industries such as ornamental fish farming and a possible privatisation of the inland fisheries would destroy the potential of domestic fisheries resources as well as of small scale fish workers to contribute meaningfully to their own poverty reduction and food security and to the improvement in nutrition standards and livelihoods.

## **Economic and social benefits**

The direct benefit of this approach to land, agriculture and fisheries is that most of the people with low incomes who cannot buy their food and nutrition in the present market at present costs will have a considerable share of their requirements of food and nutrition met at very low cost.

This approach need not and should not be limited to the household level. A village comprising of many households or a cluster of villages in a particular region could design and apply this approach, taking into consideration the ecosystem of the region and also its relationship to the macro eco-system.

Apart from meeting the food needs of the immediate households and communities, such a cluster would allow the necessary economies of scale for a possible supply to the outside world. Direct marketing will ensure that the needs of the low-income consumers are met as a priority while the surplus is marketed either within the country or outside.

An important point of caution is to ensure that the demands of the external market do not lead to any dilution or weakening of basic principles – crop diversity, conservation, re-generation of natural resources, re-cycling and minimizing of cost of production.

### **Implications on water and water management**

One of the main concerns and emphasis in today's development planning is to ensure ways of meeting the needs of safe drinking water and water for other uses.

Much money is to be borrowed and invested on activities to meet water needs and to avoid a possible water crisis in the near future. Most plans presently proposed aim at giving an "economic value" to water and pricing of water is seen as the most effective way of conservation. Privatisation, including linking foreign investment, is seen as the way to raise capital to meet the needs of infrastructure development. None of these proposals pay attention to the serious water problems that we face at the moment, viz. chemical pollution of water by the large-scale use of agro-chemicals and chemical fertilizer.

Our proposals on land use and agriculture would automatically solve this most serious problem of chemical pollution by the elimination of chemical agriculture. Further, they would tremendously improve the capacity of the soil to absorb and retain water; it would replenish ground water more efficiently and reduce flood damage and drought losses. There are illustrative models to show how improvements in the quality and quantity of water have been achieved through planned tree planting.

### **Implications on public health**

The present system of provision of health services and the proposed changes to it are based on the free market. Privatisation policies have already made it impossible for about half the population to have access to medical services. Costs of medicines, doctors' fees and charges made at private hospitals are beyond the reach of low-income earners. The process of weakening the free health system has made the public health service practically useless. The present health and medical systems have become irrelevant to most people. The proposed Public-Private Partnerships would worsen this situation.

Our proposals on land use, agriculture, food and water would automatically lead to tremendous improvements in public health by preventing the major illnesses affecting the poor (and others) in the country. Major health problems are due to malnutrition, lack of food, unhealthy and unnatural food, and bad water. Rebuilding of the natural systems of pest and insect control has the potential to reduce most of the mosquito-borne diseases such as malaria, dengue, filarial, Japanese encephalitis etc.

### **Implications on the conservation and use of indigenous knowledge**

Our proposals will create new possibilities of recovery and utilisation of ancient sciences on the prevention and treatment of disease and knowledge of medicinal plants. While the value of this knowledge in health and medicine is now increasingly recognized even in the “developed” countries of the west, this recognition is only leading to a process of plunder by big multi-national corporations. With the inclusion of agriculture and medicine within the TRIPs agreement under GATT, we are asked to set up Intellectual Property Rights Laws applying for seeds, planting material, biological resources etc. This would enable the TNCs to steal such wealth of knowledge and medicinal plant resources to convert them into commodities for their profit. This has to be resisted and the utilisation of these resources should be protected and enhanced through the suggested “rebuilding of the re-generative capacity” of our natural resources. The financial saving and the social benefits including its contribution to poverty reduction are obviously very high.

### **Implications on financial planning**

In financial planning, these benefits would enable us to develop short term small-scale investment plans to overcome the major financial challenges faced by the government such as.

- a) Increasing budget deficit.
- b) Rising Government debt.
- c) Crisis in the rural economy, etc.

### **Implications on unemployment and on education**

The problem of youth unemployment was given top most priority during the last 27 years. The strategy adopted to solve this has been to try to attract foreign capital investment towards increasing exports and thereby achieve faster economic growth. It is now admitted (in the Regaining Sri Lanka Strategy - PRSP) that this strategy has not succeeded. What the government now proposes would only make the situation worse. Its proposals are to make labour cheaper and encourage rural to urban migration (as proposed in Land Ownership Policies). These would create greater poverty and increase destitution.

The highest potential that Sri Lanka has in creating sustainable livelihoods is in the complete transformation of our agriculture and land use towards the desired “re-generative” agriculture.

There are about 4 million children attending school, and about 250,000 sit for their A level exams annually. About 75,000 of them pass AL with sufficient qualifications entitling them to a university education. However, the number admitted to

universities annually is only about 12,000. Thus more than 60,000 intelligent, hardworking young people are rejected every year. Up to now, the system has failed to find an effective solution to provide these young people and many thousands of other youth with a stable future, a respectful, attractive livelihood or a means of making a meaningful contribution to society.

The consequences are well known.

Our proposal is to provide these young people an opportunity of being knowledgeable change agents in the transformation in land use and agriculture described above. The proposed process is as follows.

1. Begin with the group of students who qualify at the A/L but are not admitted to the universities.
2. This category of youth will only be convinced of the usefulness of such an engagement when they understand the full meaning of the task. That should be a process of orientation that includes both the global and national aspects. This orientation should aim at giving them a vision of the intended transformation with a full understanding of all its aspects.
3. With an initial training of about one month that includes both the theoretical and practical aspects of ecological – sustainable agriculture, they should be given practical skills of working with grass roots communities and households, guiding them in developing proposed ecological home gardens, paddy plots, agro-forests etc.
4. They should then be linked to villages/communities to be practically engaged as instructors/guides/facilitators to serve a manageable group of families/communities.
5. While this is being done, they should be provided opportunities to upgrade their skills and also to do further studies in this subject area, with provision for a Diploma in ecological agriculture and sustainable development.
6. An initial payment (such as the allowance of Rs. 6000 per month as given to graduate trainees, or a little less) should be given at the beginning for about a year.
7. Those who successfully implement the programme with households/communities could be sustained by getting the beneficiaries to make a small contribution.

#### Examples

1. A home garden of about  $\frac{1}{4}$  or  $\frac{1}{8}$  of an acre could provide a saving of about Rs. 2000 per month. If such a family contributes Rs. 100 out of this, and if there are fifty families in a community, they should get about Rs. 5000 per month.)



2. Integrated Pest Management has been shown to save about Rs. 4000 per acre each season. If an instructor conducts 2 farmer field schools for 25 farmers each, taking 2 days/week, and if each farmer saves Rs. 4000/acre, a contribution of Rs. 500 from each farmer would yield Rs. 25,000 per season. This is about Rs. 5000 per month.

Such an approach is viable in all agricultural villages and in the plantation areas too. This could also be done among urban communities utilizing the approach of urban home gardens.

This approach could be farther strengthened through the addition of other sciences such as the science of Ayurvedic medicine and other indigenous sciences. This would develop people's ability, knowledge and skills in sustainable, ecological approaches to increase their productivity, food security and nutrition while enriching the natural resources base. "Rebuilding the regenerative capacity" of nature, soil conservation, bio-diversity, ecological sustainability are other aspects/sciences that could be added on.

What we have said so far make it easy to understand the needed reforms in the education system. Education should not be reformed in such a manner as to create a generation of obedient, skilled servants to be used by big investors for their profit. The reforms proposed by the government are giving such an orientation to the entire education system, while claiming to be giving an education that would make the students employable. Only a few would have the opportunity of being selected for such employment and the others would be rejected. Education must primarily provide wisdom. It should equip youth to have a thorough understanding of the world realities today, not to be passive victims of a process of unhealthy globalisation, but to become creative minds capable of overcoming such adverse effects. The new generation should be equipped with wisdom, knowledge and skills to make Sri Lanka a country that is capable of building a new creative population that would meet the challenges that people in all countries have began to fight against.

### **Implications on export potential**

We do recognise the need for some export earnings. Converting Sri Lanka into a country of healthy food in abundance will create far more possibilities for increasing export earnings compared to all attempts made so far. However, we have to be extremely conscious of not allowing the concern for increasing exports to deprive the people of the country of their essential requirements of food, nutrition, water, health and education.

## **Concrete proposals for Budget 2005**

Based on the ideas explained above towards a new strategy for poverty eradication we would like to make the following specific suggestions for consideration in the formulation of budget proposals for 2005.

These proposals also include some responses to the Challenges and Priorities listed by the Ministry of Finance in its request for suggestions and novel ideas.

1. The priority of “launching of a mammoth development program to achieve an economic growth of 6-8%” should be seriously reconsidered. This is because the experiences so far and the indications of the present and future do not show that such efforts towards massive development programs do achieve higher economic growth nor do they reduce poverty through the trickle down effect. They will only contribute towards worsening the situation in relation to the other “challenges”, further raising government debt (that will become an unbearable burden on the poor who will not benefit from such mammoth growth oriented development programs.)
2. Cancellation or suspension of the massive infrastructure development programs included in the “Regaining Sri Lanka” plans, such as expressways, expansion of airports, harbours etc. This would result in avoiding a massive increase in budget deficits, rising Government debt, crisis in rural economy etc. As already explained, rural economic crisis and unemployment could be solved with much less expenditure.
3. The threat to local manufacture from Globalisation can only be reduced by a policy of protecting the domestic producers. The present proposals of bi-lateral trade agreements with US, India and other countries, which would benefit only the expected foreign investors and not the people of Sri Lanka will worsen the problems faced by local manufacturers. Therefore, the policy of entering into such trade agreements requires serious reconsiderations.
4. The proposals on agriculture should include a well worked out strategy to introduce the type of sustainable, ecological small-scale agriculture. We propose a program of training and education to graduates and school leavers to prepare them for the new economy, for livelihood generation as described earlier. Such activities have been successfully implemented in all agro-ecological zones including the arid areas. Concrete and detailed plans could be provided.

Briefly, this is to recruit and train 30,000 graduates and 40,000 advanced level qualified students who do not get admission to universities due to lack of space. They will advise, guide and promote rural agricultural households and communities to:

- a. Transform their present form of expensive, external input dependent (Conventional) agriculture to ecological agriculture, which would reduce the cost of production.

- b. Improve fertility and the regenerative capacity of the soil and the productivity of land. This approach is expected to improve the quality and quantity of water, water retention capacity of the soil, reduce diseases caused by malnutrition, unhealthy food, chemically contaminated water and also reduce the requirements of water and irrigation
5. We propose that the government declare a five-year moratorium on the repayment of its foreign debt, and concurrently resolve not to seek any further foreign loans. The implementation of the programme proposed at items 1 to 4 does not require any large scale foreign funding, and the funds released by the declaration of the moratorium would be more than sufficient to meet its expenses without increasing the debt burden any further. This will help towards the objective of reducing the government's debt, and incidentally have a big contribution towards controlling corruption in public life.

## **Conclusions and some additional information**

The ideas presented here represent the views of a very large number of people's organisations that are members of the ANRHR. The list of member organisations is annexed. ANRHR is a coalition of people's organisations and trade unions representing industrial workers, services in the public and private sector, garment workers organisations, plantation sector, farmers, a large network of women's organisations, fisheries sector, organisations of people affected by proposed highways, environmental organisations, human rights organisations and peace organizations and intellectuals.

Extensive dialogue, studies and practical implementation of some of the proposed methodologies have been conducted during the last decade. As we have suggested in our letter submitted to the Japanese government in July 2004, we propose that the government should initiate a process of dialogue with these organizations on the proposals made here. There are detailed people's proposals in some sectors such as labour, health, education, plantations, fisheries, power, highways etc. These proposals in detail could be provided and the organisations could represent these proposals at further discussions, before or after the budget.

As agreed at previous discussions with the WB, IMF, ADB etc. we would like to propose that an ongoing dialogue and planning process be initiated to ensure participatory planning between the government, people's organisations (civil Society organisations representing people's movements in the sectors mentioned above).

We would also like to suggest that the Ministry of Science and Technology set up a special unit to study the emerging alternative approaches in people friendly development and to bring in the global knowledge on sustainable alternatives.

Further discussions on these could be arranged through the ANRHR committee comprising of representatives of the above sectors.