

**Historical survey of attempts to commoditize water in
Sri Lanka, civil resistance to water pricing and its
applicability to the South-Asian region**



**By
International Financial institution Watch (IFI Watch)
Green Movement of Sri Lanka**



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

Table of Contents

01 INTRODUCTION	02
• <i>Preamble</i>	02
• <i>History of water management</i>	04
02 WATER PRIVATIZATION	05
• <i>'Logic' of privatization</i>	06
• <i>The players and their ways</i>	07
03 IMPACT OF PRIVATISATION EFFORTS	
15	
04 CONTESTATION OF PRIVATIZATION DRIVES	
19	
05 RECOMMENDATIONS	22



Historical survey of attempts to commoditize water in Sri Lanka, civil resistance to water pricing and its applicability to the South-Asian region

INTRODUCTION

Preamble

This analysis is premised on a particular conception of the element water, an understanding that takes into account its properties, functions with respect to all life, its relationship with human beings, significance in social and economic life across time and space, and its location in cultural spheres, especially in the South Asian context.

The history of South Asia can very well be written as an account of how human beings interacted with and related to water. These economies have for centuries been dominated by agriculture and have over time developed often elaborate and efficient systems of water management. Water has acquired sacred status in many communities in the region, for its life-giving quality, indispensability, and the intimate and intricate relationship with human activity.

It is an integral part of and indeed central to general cultural conceptualizations of the universe, both social and physical and this understanding of utility and the sacred informs in many ways human engagements with the environment. Watershed management was not instituted by writ, for example, but an everyday matter because it made the difference between living and surviving.

As in the case of any resource that is either scarce or which is not continuously available, water too has always been carefully managed, different communities devising different methodologies as appropriate to geographies, histories and cultural predilection. Most cases were characterized by clear rules pertaining to entitlement and a commitment to ensure justice in distribution and access. And, as has been the general rule in practices that are dubbed ‘traditional’, these processes and procedures did not compromise fidelity to larger environmental concerns. In short, water management went hand in hand with principles of watershed management which were strictly adhered to.

Vandana Shiva, in her book ‘Water Wars: privatization, pollution and profit,’ outlines nine principles underpinning water democracy, some of which are descriptive of general, commonsensical and widespread approaches to the question of water in the region, and others that take the form of a water manifesto.



There is no dispute that water is a gift of nature, that water is essential to life, and that life is interconnected through water. This leads to a moral argument that Shiva elaborates on. Since we receive it free, it is incumbent on us to use it frugally and in accordance with need, to keep it clean and when we meddle with it to ensure that principles of ecological democracy (meaning overall natural balance as well as social and natural justice as per the ‘interconnectedness’ clause) are not violated.

Since it is a gift, Shiva argues, commoditization is an affront to nature. Since it is limited and exhaustible, it has to be used with fidelity to the notion of sustainability and moreover must be conserved. Shiva posits that water is by nature a commons, that it cannot be bound and owned as private property. While this is not strictly true (consider for example ‘bottled water’), it refers to the historical perception of the element, where rivers, lakes, reservoirs, canals, seas and even wells were owned by all, just as they ‘own’ the wind, the sky and the rain.

In this way, people lived within close proximity to water bodies be they rivers or lakes. They have harnessed rainfall, developed mechanisms of storage, efficient distribution and coherent rules of ownership, access and use. These remained for the most part as customs and were enshrined and affirmed in the cultural codes of social relations. The key word, then, was ‘community’. Water management essentially referenced modes of community control.

Privatisation, then, is the counterpoint. The ideologues and ideologies may or may not use appropriated community-focused language such as ‘user-control’ and ‘participatory management’, but essentially push replace community with corporate, community-control with corporate-control. For this, where possible, existing inequalities and imbalances of power may be used and where easy conversion is not possible, a series of mechanisms are set in motion. The ground conditions conducive to privatizations are wrought in a number of ways including purchasing key officials and politicians, slipping in corporate-friendly language into legislation and the imposition of conditions for aid.

Privatization is an all-encompassing project and given certain natural unities the ‘capture’ of certain areas yield outcomes that bleed into others. The easier path is to cajole or arm-twist governments, officials, ‘academics’ and ‘activists’ to subscribe to or advocate relevant ideological positions. Where resistance is high, the ground rules of engagement are rough and therefore the involvement more subtle, surreptitious and slow. What has to be remembered is that those who favour corporate control are patient and have a good grasp of totalities; they are able to identify fault lines of resistance, note what is overlooked and effect seemingly unimportant policy changes that not only make resistance difficult but even impossible.

By the same token, those who prefer to err on the side of community and collective, must necessarily be as alert to ‘ground situations’, fault lines, sleight of hand etc to stop or blunt the corporate putsch and to go further, i.e. to enact formal rules that



favour the community and more importantly preserve the fundamental democratic principles of engagement with water, as articulated by Shiva.

History of water management

The historical record as evidenced in written account, archaeological remains and even structures that have survived over centuries shows a keen perception of ecological processes and moreover appear to have abided by the principles of ‘water democracy’ *a la* Vandana Shiva. Indeed the importance attached to management of water resource can be ascertained by the splendid irrigation works scattered all over South Asia including in places marked by an absence of perennial rivers. That history goes back to at least the 3rd millennium BC when farming communities in Baluchistan conserved rainwater using rubble dams, as did communities in what is now Gujarat and Karachi. Hydraulic engineering skills are evident in the works of the Harappan Civilisation during the circa 3rd to 2nd millennia BC period. The archaeological evidence of South Asia’s water management practices is well documented.

There are literary references and archaeological data from about c. 6th Century BC onwards indicate the development of embankments, canals and other hydraulic works, in various parts of South Asia. Not only were there massive structures built to conserve and manage large quantities of water, the approach was more systemic than location-specific. The particular mechanism employed was consistent with available resources, appropriateness of technology to the issue at hand, efficiency benchmarks and sustainability. The water, it must be mentioned, was not only diverted to agricultural lands but also to sacred groves, religious centres, towns and fortified settlements.

It has been estimated that over time that have existed approximately 1.3 million human-made reservoirs and ponds across India alone. The map of Sri Lanka showing the artificial water bodies that exist indicates the premium placed on water management over the centuries.



Sri Lanka’s inland waters include man made lakes and ponds and marshes, constituting one of the highest densities in the world. The area under water bodies covers 2905 sq. km. or 4.43% of the total land area. The dry zone possesses a



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

sophisticated irrigation system of reservoirs and canals built mainly for rice cultivation. There are almost 325 major irrigation reservoirs (serving over 80 hectares each) and nearly 18000 minor irrigation reservoirs, most of which 12,000 are currently operational. Some of these reservoirs date back to 4000 years. These were built by people and therefore in Sri Lanka, as in other parts of the Indian Subcontinent, it is not surprising that villages are associated with village ‘tanks’ or ponds. The water was for common use and the structures constructed and maintained communally. Water for irrigation purposes were released consequent to collective agreement in appropriate quantities and specific time periods.

It is therefore not surprising that social, economic, political and cultural life in the subcontinent is intimately related to water, especially water conservation and management.

WATER PRIVATIZATION

Scarcity is not even half the story



Scarcity is not a problem, access is; water-privatization is not a response to scarcity but a process that will yield scarcity.



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

‘Logic’ of privatization

Now it is not the case that ‘private’ water was unheard of in the region prior to the full flowering of the ‘privatization’ agenda of multilateral lending institutions acting as proxies and movers on behalf of corporate capital. Ground water, for example, is practically private property; anyone owning the land owning also the water beneath it. Water for drinking and domestic purposes, however, was always seen differently from water used for irrigation, watering livestock etc. In Sri Lanka, one may have one’s own well, but is honour-bound by custom to give access to one’s neighbour whose well has gone dry. Such a well, however, is not a common well. It is always such and such a person’s well, or the well in such and such a person’s compound and referred to as such. ‘Tanks’ on the other hand were associated with ‘village’ or a collective and referred to and utilized as such.

Commodification, however, is a different matter altogether. European utility companies began privatizing the water sector during the 1990s. The UN’s International Conference on Water and Environment in Dublin, 1992, declared, ‘water has an economic value in its competing uses and should be recognized as an economic good’. This was perfect justification for transnational corporations to aggressively push for comprehensive privatization. Today, water privatization is a billion dollar business with an annual profit of a staggering US \$ 400 billion.

‘Privatization,’ as expressed in the ‘development’ discourse, however, does not focus on such individuals. The key word today is ‘corporation’, specifically multinational corporations that seek control of centralized sources.

The largely unsubstantiated ‘logic’ for water privatization is that water availability at low or no cost is uneconomical and inefficient. Issues of water scarcity have also been sited to bolster a need to deploy a pricing structure that will obtain efficient usage.

The issue of water scarcity is publicized as an urgent issue and is frequently dressed in doomsday colours. Geographical factors, overpopulation, increase in the demand for water, water resource management, urbanization, climate change and pollution are cited along with the limitations of freshwater supplies to support the ‘scarcity’ thesis. And yet UNHCR stated in 2006 that there is more than enough water to go around. The problem then is essentially one of entitlement. Just as famines often take place in contexts where there have been bumper harvests, water scarcity is less about lack of water as about lack of access to water. In other words, the operative word is not ‘scarcity’ but ‘shortage’; to be more precise, lack of access to water for the poor.

All this follows the neo-liberal doctrine that creating markets will result in maximizing efficient employment of resources. What is always left out of the invariable preambles to proposal is that scarcities were wrought of clearly unsustainable development practices and that efficiency is incompletely calculated,



i.e. using marketist yardsticks that are oblivious to histories (and therefore cultural and social sensibilities) and futures.

The policy is but an extension of the arguments for restructuring South Asian economies, arguments that are alternatively expressed within the ideological corpus captured in terms such as ‘liberalization’ and ‘globalization’. In India, for example, at least since 1991, it has been posited that economic growth is only possible via the liberalization route. In a nutshell, it is argued that governments are no longer able to cover huge investments in sectors like power, water and roads; governments are corrupt and therefore efficiency is compromised; the private sector, especially the global players, bring in superior technology, better managerial skills and are more accountable. This, it is argued, makes for improved functioning of the particular sector. The track record of the private sector in the sphere of water, however, proves otherwise. In places where this policy has been implemented, the poor have been literally left high and dry. Simply, private companies are interested in profits; they may invest but only with a view to recover investment and more; they are interested in those who can pay and operate on the basis that there are no free lunches.

It is argued that private companies have the capital to finance public utilities when in truth many of them borrow capital to invest and require government guarantees. The ‘efficiency’ of the private sector is a claim that is not supported by empirical evidence.

The players and their ways

The key players in the exercise have long been identified; successful privatization could not have been possible if not for the coming-together of the major water companies, the World Bank and the International Financial Institutions such as the Asian Development Bank, all working in conjunction with pro-privatization governments, politicians, state-officials and academics. The World Bank, for example, obtains compliance from governments by imposing water sector privatization in exchange for loans. The World Bank in addition aggressively promote selling off water utilities to pay off or reduce national debts. Cash strapped governments frequently fall in line

In South Asia the World Bank and ADB lead the IFIs in imposing policy conditionalities for the privatization of water, financing implementation and providing ‘expertise’ and risk guarantees. Bangladesh, India, Sri Lanka and Nepal are all countries with clear private sector development policy directions following the World Bank’s ‘Country Assistance Strategies’. The ADB, in addition to its active push for water privatization, also seeks the privatization of upper watersheds, indicating a comprehensive strategy of handing over absolute control of water to the corporate sector.



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

MNCs, for their part, collaborate with entities such as the ADB, lobbying governments and international trade and standard organizations for changes in trade agreements and legislation in their favour. The General Agreement of Trade in Services (GATS) of the WTO, forced member countries to commit themselves to a programme of progressive liberalization of all services including the water sector. GATS proponents claim that nothing is imposed on governments, but GATS rules inevitably leads to liberalization and deregulation. This allows corporations to take issue with local laws and programmes which ‘obstruct the free flow of services’.

The forward-defense line of water-privatization



Representing the corporate sector, these organizations are determined, resourceful and even ruthless. Their operational ethic is simple: by hook or by crook.

A perusal of who does what in South Asian would make clear the nexus of forces operating against the poor in the region. The Asian Development Bank, World Bank, Jpan Bank for International Cooperation, S. Kumars (partnering with Bechtel), Hermes (Germany) all operate in India which also receives bilateral loans for water privatization from the Governments of Germany and Portugal. Bangladesh has to deal with the World Bank, Asian Development Bank. IFAD, European Union, the UNDP and the Netherlands. ADB, Germany, and the Overseas Economic Cooperation Fund of Japan are they key operators in Pakistan. In Sri Lanka things are simple: just the ADB and WB. Nepal has in addition, JBIC, JICA, NORAD, SIDA, OPEC and Nordic Development Fund.

The water corporations have already moved in to and established themselves in the region. Some of the biggest companies in the world, including Suez/Ondeo, Vivendi, Bechtel and Thames Water, are already involved and continue to strengthen their hold on the water sector across the region. Panda Energy, Himal International, Himal Power Ltd., an undertaking of Norway’s Statkraft SF, ABB Kraft AS and Kvaerner Energy, are some of the corporations that are currently engaged in these processes. In India, there is the Ondeo-Degremont, Northumbrian Water Group, Nalco Chemicals, Hydroplus (a Suez subsidiary), Vivendi, Suar of Drance, Monsanto, Hyundai, Mitsubishi, Aguas de Barcelona, Anglian Water, Kinley (Coca Cola Bottling Co), Aquafina (Pepsi), Nestle and Dannone among others.



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

The ‘World Water Vision,’ drawn up by the World Water Council, made up of TNCs, donor agencies, IFIs and ministers of developed countries and chaired by officials from water companies is clear in intent:

- The full liberalization and deregulation of the water sector
- ‘National treatment’ whereby TNCs are afforded equal status with local companies and government authorities
- Trade facilitation to orient governments to service the private sector
- Removal of price and trade ‘distorting’ subsidies
- Privatization to the maximum extent possible with public-private partnerships as the next best option
- Protection of property rights over water resources
- Demand for a ‘stable and predictable’ investment climate to reinforce investor rights’.

The pathways to water privatization follow for the most part the avenues taken by the general privatization drives over the past two decades. They include dismantling state owned assets, decreasing national control over national economies, preparation of the ground for penetration by foreign and transnational capital.

Privatization of water takes different forms, including privatization of territories and bioregions (the privatization of the energy industry could for example include control of reservoirs built to produce hydropower), rerouting water resources, contamination (appropriating resources as ‘collateral’), bottling, and the monopoly of technologies.

In South Asia, these corporate entities have set up relevant mechanisms including establishment of rules and even laws. The focus has been on obtaining policy clearance from governments, achieving ideological sway for the same and creating conditions and setting up mechanisms which limit capacities of governments and civil society to object or offer alternatives. Where possible, even outright privatization has been effected.

Accordingly, the World Bank has now initiated water sector reforms, with the objective of privatizing water resources and commercialization of water management operations at all levels with a policy directive to up water prices, increase agricultural power tariffs and create water markets. The recommendation is to shift from a supply-oriented to a demand-oriented approach. What this means is that it will effectively limit access to the poor and take water from the impoverished rural to the affluent urban. In the agricultural sector, it will deny the small farmer and flood agri-business, especially the multinationals.

One of the methodologies adopted in India is the so-called (D)BOOT model, namely (Design) Build, Operate, Own and Transfer schemes. Another method has been divestiture where the government or public authority awards full ownership and responsibility of the water system including the water source to a private operator



under a regulatory regime. This is done in the form of 10-20 year renewable contracts on the entire system. In addition, state governments have entered into contracts with MNCs, the World Bank and/or the ADB, covering water privatization projects, which are currently in different stages of implementation. Since 1990, the World Bank has funded US \$ 505.4 million worth of 'water and sanitation projects specifically designed to enable the development of the private sector.

In the case of India, the national water policy remains incomplete and incompetent and worryingly remains silent on vital issues thereby offering opportunities to the profit-oriented business of selling water. The policy thrust, however, is evident in specific projects, for example the Shivanath River Project.

Launched in 1998, this is the first case of water privatization in India and was a 22-year renewable contract granted to Radius Water to supply water to the Borai industrial area along a 23km stretch of the Shivanath River. The river has become inaccessible; there's water but the people are not allowed to fish and bathe. A news headline put it well: 'A river gone private is drying up'. The Government finally announced that the scheme is constitutionally illegal and revoked the contract.

However, India's privatization process, in terms of drafting policy, began in earnest in 2002 with the National Water Policy that encourages strong private sector participation in water resource projects for diverse uses, from planning, development up to actual management of the same. The on-the-ground privatization process so far has outstripped developments in this sphere and critics point out that the former strengthens the case for policy change and worse, turns it into a matter of ratification of reality.

In Pakistan the process began when the World Bank and ADB tried to introduce private sector concession contracts from 1996 to 1998, but faltered in the face of objections and protests. In 2001, the ADB and the Government conducted a water resource strategy study. The objective was to prepare a road map for future development of the water sector towards 'more efficient service delivery and optimum utilization of resources to meet the competing demands of all water users in the future'. Water and sanitation projects have been the focus of the strategy. Efforts to privatize water supply systems in Pakistan have failed due to strong protests.

The IFIs continue to lobby for policy changes, and have articulated the 'need' for water privatization as a condition for extending financial assistance to Pakistan. Under 'Strategic Recommendations' of the Pakistan Water Situation Analysis report, emphasis was given on the private sector's role in the development of the sector: 'In Pakistan private sector involvement in development and management of water resources

Headquartered in Sri Lanka, the International Water Management Institute (formerly IWMI or International Irrigation Management Institute) styles itself as an academic institution but is in reality actively engaged in privatizing water.



Historical attempts to commoditize water –

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

I n s t i t u t e

is at an early stage, but the government aims to extend its role especially in the water sector; the Ten Year Perspective Plan envisions a private sector financing of the order of 77.5%.’

The policy evolution has been far more systematic in the case of Sri Lanka. In 1980 a draft Water Resources Bill was prepared, the objective being to arrange a bulk water allocation policy scheme to various sectoral agencies and to establish a National Water Resources Council as an advisory body (i.e. a policy of decentralizing).

The process was strengthened by the headquartering the International Irrigation Management Institute (IIMI) in Colombo in 1985. The rhetoric then was on the efficient management and the transfer of control from the state to users. Using ‘democratic’ language IIMI churned out many documents arguing for the setting up of farmer organizations to this end. It is well-known that in societies that are not flat, meaning made of individuals of equal strength, the principle of one person one vote does not hold. The proposal of the powerful wins the day. In 1988 the government approved the policy of Participatory Management of Irrigation Systems. Farmer Organizations were to play the role of midwife to the arrival of the private sector. In 1994, farmer organizations were empowered with the right to levy a fee for the maintenance of irrigation works as per Irrigation Act No. 13 (Amended).

The history of what happened to the farmer organizations set up accordingly gives the lie to the story. Once the state is removed and the people who constitute the majority of the users are removed, the path is clear for King Corporate. IIMI later re-invented itself as IWMI (International Water Management Institute) making intention clearer.

IIMI was but one player. IIMI worked with the FAO to develop policy. The World Bank, and IMF worked to extract agreement from governments using the age old weapon of ‘development assistance’. In 1996, the World Bank ‘suggested’ water privatization and water marketing. The result was the ‘National Water Policy and Institutional Arrangements’ that came to light in the year 2000 and which was authored by the surreptitiously set up Water Resources Council and Water Resources Secretariat, a body that inhabits not surprisingly the spacious offices belonging to IWMI. Vehement protests stopped this.

The wording included the granting of ‘entitlements’, ostensibly a formalization of a right enjoyed generation after generation going back to several millennia, but crucially to make legal the transferability of entitlements. If instituted then it is but a matter of time before these entitlements are gobbled up by those with higher purchasing capacity. History has shown how the realities of political economy ‘enable’ people to sell their meager assets. What has been done the world over with ‘land’ (those entitlements were expected to be used as collateral for bank loans but were quickly sold by cash strapped farmers) was to be done to water as well.



Most insidious was the skillful ‘conceptualization’ of water. All water including ground water was to be ‘owned’ by the state. Thus, technically, the water in a well located in someone’s garden would also be owned by the state. Thus the state was to be compensated when water is drawn from a well or a reservoir or a river. Technically, then, cattle cannot drink from a river, neither can a dog from a puddle on the roadside without making a payment. The idea was to fix meters that counted the volume of water extracted. Since the state would naturally be hard pressed to enforce, it is easy to surmise the next step: inviting private concerns to ‘manage’ water and levy a fee for the same. The impact on price is too obvious to warrant elaboration.

Certain elements of this policy were already being implemented on a trial basis. To begin with, in the North Central and Southern Provinces, irrigation canals were lined with concrete and meters were installed to measure the volume of water being issues to each paddy field. The former resulted in wells drying up. It also lowered the groundwater levels on either bank of the canal. Finally the amount of water required by individual field went up. The installment of water meters only served to raise suspicions among the farmers who duly destroyed them. ‘Water timetables’ were drawn up along with these mechanisms as part of the pilot project.

The policy logic included the premise that rice is a thirsty crop and the project was implemented in a policy environment where the World Bank and ADB were aggressively promoting its South Asian preference for a shift from rice to ‘high value crops’. The counter argument in the Sri Lankan case is that there is no dire water scarcity and even though there are problems in water management they are not so serious as to warrant such a radical move, and especially not one which also compromises severely national food security, not to mention the negatives associated with getting out of a grain that is culturally significant and is deeply ingrained in worldview, lifestyle and sense of being.

Another ‘complementary’ strategy has been the promotion of all manner of ‘water and sanitation’ projects implemented all over Sri Lanka through CBOs. It was the ‘sanitation’ part of it that was used as carrot. In about 75% of the cases, the projects recorded failures. On the ground, poor strategies have adversely impacted water availability, generated mini water wars disrupting communities. Moves are afoot to draw up ‘rules’ whereby the Water Board can take over the systems and then hand them over to private interests to manage



It's about food security, nutrition and cultural sensibilities

This document drew massive opposition which took the form of protests and as well as litigation. The document was withdrawn from the public discourse. However, in 2002, another draft National Water Policy was prepared. Annexure VII of this document recommended encouraging private sector involvement for 'improved efficiency'. According to this policy, watershed management was to be decentralized to accommodate the involvement of regional bodies, NGOs and the private sector in implementation. Once again the key clause of transferring entitlements was inserted.



***Privatizing water compromises all these things.
In a word, all things considered, it is 'theft'.
Plain and simple.***

This version also included the setting up of infrastructure to facilitate privatization, namely, a Water Resources Authority mandated to coordinate, control, develop policy etc. Mentioned also was the formulation of laws so that implementation has a legal cover.

This draft policy was further changed in 2004 and if passed into law, would have allowed foreigners to sit on relevant oversight institutions of the state. With a view to the instituting of pricing, the language included processes of registration and issuance of licenses. The draft policy document that came out the following year does not mention water pricing but mentions the entitlements.

Changes in the political scene with elections held in 2000, 2001 and 2004, made it difficult for incumbent governments to get the relevant laws passed; they were more engrossed in the 'necessities' or survival and the challenges of winning elections. In 2001, a newly elected government launched a comprehensive development program with the PRSP being re-named, essentially, as 'Regaining Sri Lanka'. The policy line on water therein in a nutshell is as follows: Water Resource Management. Efforts to sustain and improve the productivity of water resources will become increasingly important in the future as competition for water between agriculture, industry and



urban uses increase, and as farmers shift more to high-value crops²⁶. Government's strategy for ensuring that water is used efficiently and is available to the poor revolves around the introduction of transferable water entitlements and the establishment of effective river basin management organizations. The National Water Policy calls for a major change in the way in which water is to be used. Under the new water management policy, transferable water entitlements are to be created under the supervision of a National Water Resources Authority.

In 2006 changes in water levels saw seawater moving upstream into the Kelani River. A US \$ 28.4 million project to construct a rubber dam at Ambatale was proposed, the money to be in the form of an ADB loan. US \$ 10.8 million of this was to be spent on setting up a National Water Resources Authority and for implementing data collection and management processes. Thus it is evident that while the general policy documents were put on the back burner, quiet moves were under way to affirm the ideology and move it forward in the practical sphere.

It is important to note that throughout this process there has been no mechanism to incorporate public comments into the policy. Relevant authorities have chosen instead to postpone, shift focus, look for other avenues of implementation etc when faced with public outcry regarding the issue of water. The entire phenomenon smacks of a by-hook-or-by-crook approach.

The latest word on the subject is the National Water Management Improvement Project (NAWAM) which is a vague proposal focusing on protecting irrigation works, improving efficiencies, gathering data and water management. The latest version of the policy is a shortened document with a much higher possibility for misinterpretation and misrepresentation.

It includes a statement of the intent to establish a National Water Resource Management Committee, National Water Resource Management Authority and Water Resource Management Judicial Committee and is silent on the mandate of these institutions. Specifically, it includes a statement of intent to distribute water through small scale water usage rights, large scale water usage rights, proximity water usage rights, traditional water usage rights, 3rd water and sanitation usage rights without a clear statement of the mechanisms of these bodies and methods.

The story of the privatization of water resources and privatization of water management services in South Asia shows that relevant policy is incoherent and incomplete and that organized and well articulated public concern has made the road to privatizing water very rocky. The balance of power nevertheless means that privatizing forces can pursue the objective in different ways, exploiting whatever opportunities that the political climate provides.

In Bangladesh restructuring key water agencies began with the drafting of the National Water Policy, in 1990, encouraging direct investments for addressing specific problems of market failure, and private sector participation in the implementation of national agencies' mandates. In Nepal, what happened was that



service delivery was delegated to the private sector under a management lease as an initial step in the direction towards fully-fledged water-privatization. In December 2000, the ADB approved US \$ 120 million for the Melamchi Water Supply Project with the goal of privatizing it.

Thus, in South Asia, the pro-privatization forces appear to be determined, quick-footed, flexible enough to push the sphere of the possible to its limits, organized and often effective. They have been fought back on occasion and harassed at every turn, but are far from ready to give up, especially since they operate in a global policy context dominated by those who project privatization as a quick fix to all ills and those who know whose ills will be cured and don't really care about the 'collateral' who get diseased.

IMPACT OF PRIVATISATION EFFORTS

The interim report, so to speak, is bleak from the point of view of the poor, the developing countries and in terms of impact on environment. The concerns voiced by many been justified in the process, and yet the caravan of privatization moves ahead leaving behind desolate landscapes and impoverished communities.

What did the world expect? It expected increases in water tariffs, expected people to be cut off from supplies, expected private companies to fail the efficiency test, expected social unrest. Also expected was the sale of public infrastructure built with the use of public funds for a pittance, the taking over of community sources of water such as rivers, lakes, ponds, reservoirs and groundwater by private concerns, and the large scale retrenchment of public sector workers.

Inter alia there would be, it was predicted, an undermining of basic rights, reduced access to services especially for the poor and marginalized because of increasing rates, reduction of service delivery to areas considered non-profitable, leading to poorer help, illness and loss of livelihoods. There would be a greater burden on women and destruction of environment and increased pollution, not to mention wastage of resources due to inefficiencies.

It was expected that such processes would lead to displacement of peoples, especially indigenous communities when corporate concerns move to take over bioregions and water resources and/or governments build large dams to store and divert water to preferred destinations, particularly urban centres. At a more fundamental level, the right to determine policies and participate in determining directions of development would be infringed it was argued. The intrusion of global corporations and the corresponding disempowerment of local populations were of course going to be part and parcel of the process.



What really happened? John Briscoe, Water Specialist, World Bank, was as frank as they come: 'The last decade has largely been a lost decade, [characterized by] a naïve view that the private sector will take care of infrastructure; [it resulted in] a sharp decline in the World Bank's involvement in large dams, irrigation, water and sanitation and hydropower.'

Ironically, when the World Bank withdraws on one front, it advances in others. Like in most spheres of privatization, the remedy for failure has been for the most part one where it is assumed that the 'medicine' didn't work only because of insufficient dosage. The response has been more aggressive efforts on the part of the privatization lobby. This has been the story of South Asia for the most part.

In India, water privatization involved a wide range of interventions such as water-related engineering and construction, especially earth-moving activity, altering river courses, artificial linking of rivers, building of dams and pipelines. There was also water and waste water services, and water treatment which impact both nature and communities.

The impacts are therefore not only varied and far reaching but caused immediate and substantial damage to people and the environment. There was ecological fallout. Societies were affected and rights of human being and communities were infringed upon. Health, cultural norms, attitudes and belief systems all took a beating. There were adverse economic repercussions as well with livelihoods, well-being and access to basic services suffering. Finally there were serious legal and institutional impacts. Current water privatization projects, especially river diversion schemes, have been criticized on account of the lack of feasibility and on account of adverse impact on environment, including soil salinity, water logging and destruction of habitats of protected species. It is estimated that half of the Panna Tiger Reserve will be submerged because of water and power related projects. The intended linking of the two rivers, Ken and Betwa, is expected to lead to water logging in some regions while creating deficiencies in others.

The determination to maximize profits is naturally antithetical to norms of sustainability. When water bodies are thus 'mined' beyond capacities to replenish, governments and communities can do little to rectify matters once contracts expire or the 'miners' leave in search of other aqua-fields. This is best illustrated by the indiscriminate mining of groundwater by Coca-Cola in the Khammam district of Andhra Pradesh, Athur village near Chennai and Plachimada in Kerala.



Coke's bottling plant was set up in the middle of fertile agricultural land and near many reservoirs and irrigation canals. The mining of more than 1 million litres of

Corporate profits up, diversity down



Access and entitlement is not purely a human thing. Habitat destruction and extinction are scripted into the process. For corporate capital, it is 'collateral'. For the general health of the planet, 'irreparable loss'.

ground water every day has now parched the lands of some 2000 people within a 1.2 radius of the factory. Indiscriminate mining has caused the ground water to become contaminated with excessive calcium and magnesium from the dissolution of limestone. Hazardous levels of lead, cadmium and chromium from the sludge originating from the Medhigani cola factory have been noted by the Central Pollution Control Board.

The warning about privatization leading to chronic deprivation among poorer sections of the populations and especially agricultural communities has come true in stark and alarming ways in many places. Activists, for example, warned that permitting Degremont to take water from the Upper Ganga canal of the Tehri Dam project near Murandnagar and supply it to South and East Delhi will gradually deprive the villages. After 'channelization' it is estimated that only 30% of the water will be available for agricultural purposes. Under the water privatization contract in Chhattisgarh State, activists protesting the deal since 1988 claim that the 22-year contract failed to account for the needs of about 50,000 people living in 15 villages along a 22.7 km stretch of the river. The upshot? They are not allowed to draw river water for agriculture and domestic use and in some areas are not allowed to dig wells along the banks. About 3,000 families can no longer fish in the river.

Negri Sembilan and Pahang have expressed intentions to privatize their water boards or departments and the state government has consented to a 25% increase in water tariffs after privatization. In Delhi, water privatization is calculated to bring a tenfold increase in water rates. It is the poor who suffer most, needless to say.

The World Bank sponsored construction of the NV drain in Pakistan carries water contaminated by pesticide, inorganic fertilizers and industrial effluents to the Machher Lanke in Dadu in Singh. This has raised the level of Total Dissolved Solids



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

(TDS) above 4,000 parts per million and disrupted the habitat of more than 22,000 families that depended on fishing and agriculture.

The LBOD project that was to bring drainage effluents from upstream and dispose of it in the Arabian Sea through the Tidal Link Canal was a failure. Drainage effluents started destroyed lands and wetlands. The project caused flooding, sea intrusion, loss of crops and agricultural lands, reduction in fish catches and loss of lives. Here are the numbers: 32 people killed since the project was launched, 50,000 agricultural lands wasted by salinity or water-logging, loss of livelihoods of 10,000 villagers, 4 wetlands downgraded owing to destruction of biodiversity, and 52 species harmed. The project resulted in migration, displacement of local coastal communities and shortage of drinking water due to seawater intrusion and mixing of effluent water in irrigation and drinking water supplies.

As mentioned above, the implementation of ‘experiments’ in water privatization in Sri Lanka have caused much distress to farming and poor communities and clearly indicate what would be in store should comprehensive privatization goes through. Lining the left bank canal in the Uda Walawe irrigation scheme resulted in lowering the water table and also destroying perennials on either bank.

Similarly, an urban water and sanitation project that shut down public water outlets caused chronic water shortages for those living in urban slums and shanties. Other water and sanitation projects which involved digging tube-wells in the hilly region have precipitated dangerous earth-movements. The water consumer societies set up all over the country have been typified by internal conflicts, marginalization of non-members and rendered ineffective. This has helped buttress the argument for privatization, just as in the case of ineffective farmer organizations paving the way for corporate control of irrigation schemes.

Water privatization, which comes with a premise of water conservation, logically argues for a shift from rice to less water-thirsty crops, meaning cash crops (sanitized as ‘high value crops’ in the language of liberalization). This has naturally an adverse impact on overall food security in the country. In certain places, like Lunugamvehera and Embilipitiya, the shift has been to fruits such as banana and papaya. Pest invasions have become a serious problem for farmers growing these crops. Moreover even a fairly heavy shower can destroy the entire crop as has happened almost every season.

In Sri Lanka, as in other parts of South Asia, the trend has not just been water privatization, but control of lands, a push for crops and an overall agriculture policy that compromises food security and preparing the ground for corporate intrusion. In the larger picture, i.e. where comprehensive privatization is the ultimate objective, we are still in early days, but the signs are clear. The region is on its way towards food insecurity, lack of entitlements to water, systems that are heavily skewed against traditional crops, rural communities and the urban poor.



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

CONTESTATION OF PRIVATIZATION DRIVES

The former head of IIMI, Randy Barker once said ‘water, not oil, is the strategic commodity of the future’. Given the central role of water in human life, it is natural then for water policy to provoke heated discussion and agitation. It is, unlike oil, a more immediate life-and-death matter. In agricultural societies with long histories of efficient and community-driven water management practices and especially where the system of government is amenable to contestation, such moves often provoke protests.

Whether the privatization drive articulates itself at policy or in policy formulation processes or appears in the form of insidious projects, there has been resistance and resistance in many forms. As has been the case in the matter of resisting general liberalization drives, contestation has happened at several levels. Protests have been complemented by legal action and even violent opposition. Networking, advocacy, lobbying key actors and of course litigation are the key implements available to the objectors in this regard, and history shows that they are able and willing to resist.

The history of water wars in South Asia has shown that people are resourceful and capable of turning back processes that are fundamentally detrimental to their interests, the environment and are moreover morally reprehensible.

India has a long history of agitation against water privatization and all efforts to deny access to water resources, especially for poor and indigenous peoples. The people of New Delhi have closed ranks against the World Bank’s water privatization plan. Organized under the common banner, ‘Right to Water Campaign’, various groups and individuals have pledged to oppose government moves to privatize water distribution in the city. The campaign against Coca Cola has grown since it was launched several years ago. This campaign not only resists the privatization model but promotes a positive alternative vision of water use and development, calling for more decentralized and community-based forms of water harvesting and management.

The Paani Morcha (Waters Front) and the Gandhi Peace Foundation have pledged to hold water parliaments in India’s key cities to work out alternative water policies to replace corporate privatization of water.

The water war in Sri Lanka began in 1987 when an attempt was made to charge farmers for water through farmer organizations. Farmers in Polonnaruwa refused to pay, agitated and took their case to the courts. The court ruled in favour of the



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

farmers. The issue came up again in 1998 when the Mahaweli Authority stated at the traditional meeting with farmers prior to the commencement of the cultivation season that ‘water management is costly and therefore we have to charge a fee to cover maintenance costs pertaining to irrigation works’. Once again the farmers protested and the proposal was withdrawn.

Not without protest!



Lobbying, agitating, litigation and networking are the watchwords of the inevitable victims. Utmost resolve, resourcefulness and creativity, the only ‘working capital’ they have access to.

An article in January 2000 warning that the water in reservoirs are to be sold brought the debate to the public arena. Around this time, the government had put together surreptitiously a document titled ‘National Water Policy’. This was a secret document but was somehow ferreted out of the Water Secretariat, photocopied and distributed among farmer organizations. Interested parties came together as the Coalition for Protecting Common Water Rights, and operating according to the premise, ‘Water for life, not for sale’. This organization lobbied politicians, kept farmer organizations informed, distributed leaflets, put up posters and launched agitation-campaigns. .

On World Water Day in 2001, a symposium was organized at the Mahaweli Authority auditorium on the issue of water privatization. Members of Parliament, farmer organizations, NGOs, CBOs, trade unions, indigenous groups and sections of the clergy participated in this debate.



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.

A march was organized from the Sri Maha Bodhi to Kataragama, both places religious significance. Water was carried by the marchers from four directions and emptied at the Bo Tree near Kataragama, invoking blessings on the campaign and seeking protection of water resources. In response, the relevant minister started setting up 'Irrigation Councils' aimed at 'educating' people about the virtues of water pricing. Campaigns against the water policy took the form of demonstrations with the participation of trade unions, political parties and advocacy organizations.

It was against this backdrop that a Water Services Reform Bill was tabled in Parliament in 2003. At this point Kalyananda Thiraganama filed a case fundamental rights application which was upheld by the Supreme Court, with the caveat that it could only be implemented if all the Provincial Councils agree. In response the pro-privatization lobby began to canvassing the Provincial Councils. Their efforts to get approval from the North Central and North Western Province were duly defeated.

In 2006 January, a draft document titled 'National Water Resources Management Policy' was introduced regarding which public comments were solicited. This document was essentially the same as the 2000 Policy but had not incorporated any of the concerns/comments articulated by the public in the preceding six years. One hundred and six organizations made submissions protesting this policy. As a result this too has been put on the proverbial back-burner. In the meantime, the Coalition continued to litigate regarding the injustices and dangers of various water and sanitation projects.

In Pakistan, civil society organizations such as Action Aid Pakistan, Sustainable Development Policy Institute, Forum for Conflict Resolution, Pakistan Fisherfolk Forum and Save the Coast Action Committee, have taken issue against IFI interventions through meetings, workshops, dialogues with stakeholders, including affected communities. Protests, marches, counter-lobbying, hunger-strikes and conferences have helped raise awareness and develop networks to resist water privatization.

The struggle against water privatization, then, is very much alive in South Asia. The signs are that civil society is gradually appreciating the degree of the threat and are consequently gearing up for the challenge.



RECOMMENDATIONS

Given the similarities among countries in the region, there are lessons that need to be learnt and which can be applied with appropriate adjustments to time and space.

What should happen is a regional policy on water

The logic is that ‘scarcity’ is not an issue in any of these countries, but entitlement is. Such a policy should not focus on pricing but conservation and development of water resources. This should be the foundation of real water resource management. The yardstick to measure appropriateness of water use should be changed in accordance with the particularities of place. The conservation and development of resources then should be done in accordance to the physical and social realities of particular places.

- ❖ Since rainforests and upstream forest cover as well as land are the crucial factors impacting water conservation, there should be coherent articulation and enshrinement of relevant conservation laws and regulations and strict enforcement of the same. Water, forests and land are not three disparate economic facts or commodities but elements in constant play with one another. They should not be treated separately.
- ❖ Since solid and chemical waste and contamination are factors that put additional pressure on water resources, a regulatory body should be set up to oversee, assess and design remedial action. This is what water management should be about.
- ❖ Consumption patterns and population expansion do impact water availability and relevant politics. A programme should be designed to expand water resources within regional units, and this should be done by employing modern technology as well as traditional methods.
- ❖ Policy should be predicated on non-negotiables such as food security and ecological balance.
- ❖ There should be a systematic move towards adopting community-based, community-owned water management methodologies as opposed to the current bent towards IFI-controlled, designed and implemented system.
- ❖ Water should never be priced and privatization should not be encouraged.
- ❖ Water is a public good and this implies common rights and communal ownership. Water is a unique element and the commodification of water should be resisted and turned back.



- ❖ Cultural and social values associated with water must be respected and never compromised.
- ❖ Farmers, the urban and rural marginalized and the poor are the inevitable victims of these processes. They should be treated as the principal stakeholders and be an integral part of assessing, designing, implementing and monitoring policies.

A second set of recommendations are offered to counter current privatization moves:

- ❖ It is incumbent on all civil society organizations to be in constant alert regarding the various machinations and maneuverings of the pro-privatization forces.
- ❖ The above requires self-education and dissemination of relevant knowledge.
- ❖ Networks should be developed at the local, regional and global levels to ensure that privatization moves are thwarted.

WATER FOR ALL- NOT FOR SALE

End



Historical attempts to commoditize water – Green Movement of Sri Lanka

This document and the ideas expressed herein are the property of the Green Movement of Sri Lanka and cannot be used in whole or in part without the express written permission of the Green Movement of Sri Lanka Inc.