

A Beacon of Trust

As the COVID-19 pandemic ravaged the fisher economy of Sri Lanka, leaving households indebted and distressed, co-operatives emerged as a beacon for the small-scale fishing sector's well-being

Close to 350,000 kg of fish is brought everyday to the Peliyagoda Central Fish market, on the outskirts of Colombo, the capital of Sri Lanka. Three thousand sellers sit, jostle and haggle in close proximity at the central hub for retailers to collect and disperse their produce to various parts of the country. This hub of market activity was hit with the worst crisis in its history when 19 cases of COVID-19 were discovered in its premises in October last year. The authorities shut down the market at once.

However, even before the industry had barely recovered from its first hit, Sri Lanka's second wave of the pandemic began. The second wave started with the emergence of a COVID cluster at a garment factory, followed by the Peliyagoda fish market cluster. The latter had the most calamitous impact on fisheries. Several major fishing harbours and a number of other fish markets and retail stalls in the country were subject to temporary closure.

Immediately, the rumours began to spread hard and fast: "The fish carried the coronavirus!" Fish consumption plummeted. Prices of fish stock followed suit and small-scale fishers were hit two-fold: negotiating between the risks to their health, and coping with desperation to sustain their livelihood.

In an attempt to control the damage of misinformation, Sri Lanka's health ministry almost immediately put out statements reaffirming that fish and related products were safe for consumption, provided that they were cooked in a hygienic manner. In what became a viral publicity stunt, Dilip Wedaarachchi, former fisheries minister, brought a raw fish to a press conference, to prove a point. "I am making an appeal to the people of this country to eat this fish. Don't be afraid. You will not get infected by the coronavirus," he said, before taking a bite out of the whole fish.

It wasn't just domestic consumption that suffered. In the first two months following the second wave, exports dropped from their 2019 levels by Sri Lankan Rupees (SLRs) 2,589 mn. Since the coronavirus landed in the island country, right up till the end of the first wave—that is, during March, April and May—the loss of foreign exchange was close to SLR7,279 mn.

To mitigate the losses due to lockdowns during the first wave of the pandemic, which caused a drop in fish production, the government was forced to import fish, mostly in the form of

As food security dwindled, people resorted to their options included mortgage of jewellery, and borrowings from money lenders and co-operatives.

canned fish products. The second wave saw fish imports drop significantly, perhaps due to a realization that the only way to combat the virus was by adhering to health regulations. It was an opportunity for the industry to pick itself up, even as drastically shrinking incomes would take longer to get back to normal.

Knock-on effects

Close to 570,000 people find direct or indirect employment in Sri Lanka's fishing industry. The country's total fisheries-dependent population has been estimated at 2.7 mn. During the first wave of the pandemic, all links in the fish value chain were practically dismantled. Demand and supply suffered significantly in myriad ways. One of the early outcomes of the first round of curfews was the closure of retail outlets, because distribution came to a standstill. The flourishing e-commerce world showed little interest in fish, a perishable product;

This article is by Oscar Amarasinghe (oamarasinghe@yahoo.com), Chancellor, Ocean University of Sri Lanka and President-Sri Lanka Forum for Small Scale Fisheries (SLFSSF), Sri Lanka

OSCAR AMARASINGHE



Deserted landing site, Gandarawella, Sri Lanka. To mitigate the losses due to lockdowns, the government was forced to import fish, mostly in the form of canned fish products

46

online sales did not come to the rescue. Tourism is an integral part of the fish-consumption economy; its shuttering caused a roll-on impact, further diminishing the demand for fish.

About 1.9 mn Sri Lankans are self-employed daily wagers. Curfews destroyed their means of living. The effect was felt at landing sites where fishers complained of a lack of buyer interest due to restrictions on travel, and strict control on providing passes to merchants.

Low demand, in turn, meant fish prices dropped rapidly through the crises. Prices of products like crab dropped from SLR1,200 per kg to SLR500; those of seer fish went from SLR1,250 per kg to SLR400. Unsold catch could not be channelled to drying and preservation operations; the curfews led to the dry fish centres remaining closed. The Ceylon Fisheries Corporation (CFC), a government-owned marketing agency, had no capacity to deal with the unsold fish. The losses just kept piling up.

Fish production suffered, too, even though the authorities did not actually restrict fishing during the pandemic. Complex rules for obtaining passes, restrictions on beach seining, and fear of the virus hitting landing sites meant

inland fishers largely kept away from their work. Fishers in the south of the country in places like Galle, Matara and Hambantota often migrated farther south, targeting lobster resources. The imposition of curfews and the need for social distancing meant fishers started avoiding migration and participating in beach-seine activities.

The human impact was direct: incomes dropped and people found it tough to make ends meet. In April, May and June of 2020, during the first wave of the pandemic, many small-scale fishing households accumulated sizeable debts. Most fishing households indicated they paid instalments on bank loans, house constructions loans, and loans taken from co-operatives, among others, in addition to monthly water and electricity bills.

On an average, our research identified 15 types of monthly loan repayments amounting to approximately SLR20,000; the amount includes interest payments and sometimes part of the principal. The official 'poverty line' in Sri Lanka was defined as a monthly income of SLR4,440 per month in 2018. During the first wave, incomes of poor fishers who do not own fishing craft were touching the official poverty line. It is

obvious that fishers were in no position to pay back their loans on time.

Accumulated debts

For the pandemic's first three months, each household accumulated an average debt of about SLR60,000. To address the situation, the government requested several institutions—lenders and the electricity and water utilities, for example—to provide borrowers a grace period of at least three months to pay back loan instalments and settle their bills. By the time the situation improved in June, households were under pressure to pay back accumulated debts, putting the fishing industry under heavy pressure. And just as things were getting back to normal, Peliyagoda happened, pushing down prices and incomes into a spiral.

Support from all quarters

Food security for low-income groups faced severe threats in the early days of the curfews and lockdowns. When compared to other self-employed and daily wage workers, however, the direct impact on fishers was limited, as they were able to go to sea and bring back some fish, at least sufficient for the household's daily curry. As food security dwindled, people resorted to a number of ways to meet their basic food needs; common options included mortgage of jewellery, and borrowings from money lenders and co-operatives. In turn, many accumulated severe debts, even as some of the earlier debts remained unsettled.

Political campaigning for the parliamentary elections provided relief to those in the hot zone, with candidates actively providing dry rations to boost their support base. In the months of April and May, the government made arrangements to import a large consignment of canned fish to be sold at a subsidized price of SLR100, nearly half the usual price for a can of fish. Legumes like red lentils, bought from India, were also imported in large quantities. Along with canned fish, they formed the two most preferred food items in the country, especially among low-income groups.

With markets and retail outlets remaining closed during the first wave, a new group of vegetable and fish sellers emerged. They sold their wares while commuting in vans and lorries, an appreciable feat, the only drawback being that their services

remained limited to populous areas with motorable roads.

A presidential task force ensured island-wide distribution of fish, facilitating movement of vegetables and other essential foods, while also providing free food baskets to low-income families. District secretaries were allocated SLR 2 mn to buy and distribute fish, especially in remote areas. This method of marketing, however, did not work well with the fast-perishing fishing products; they need to be iced and sold in a short time to prevent decomposition.

Future proof

The aftermath of the pandemic—and the havoc it wreaked—revealed some valuable lessons for Sri Lanka. One was the industry's need and dependence on fishing co-operatives for survival. As the principal lenders in small-scale fishing communities, co-operatives refrained from charging interest on loans and principal payments from members/borrowers who were suffering from lowered (or no) income from fishing. Trust among co-operatives is at an all-time high. For policymakers and planners, this is a beacon.

Simple tweaks to an already existing community system will go a long way in protecting Sri Lanka's fishing industry from future shocks.

These co-operatives could, in the days ahead, play a major role in marketing, ensuring a fair price and income to fishers. However, to do so, they need assistance to build the necessary infrastructure and to break middlemen oligopsonies. One of the greatest shortcomings of Sri Lanka's fisheries co-operatives is their poor contribution towards resource management. For this to improve, the constitution of fisheries co-operatives requires the incorporation of resource-management concerns. Simple tweaks to an already existing community system will go a long way in protecting Sri Lanka's fishing industry from future shocks. It will also eradicate the need for comic stunts requiring the eating of raw fish at news conferences. 📌

For more

Path to a Policy Upgrade

https://www.icsf.net/images/samudra/pdf/english/issue_84/4497_art_Sam_84_art16_Sri%20Lanka_Oscar%20Amarasinghe.pdf

Action Stations

https://www.icsf.net/images/samudra/pdf/english/issue_82/4407_art_Sam_82_art03_Sri%20Lanka_Oscar_Amarasinghe.pdf