

NECESSITY FOR SUSTAINABLE GOVERNANCE

(Evolution, Practice, and Learning)

1.0 Introduction

Water is an essential resource for life and livelihoods. Though it is abundant, less than 1% is the available fresh water that can be used for consumption. Of this 2.5% is in frozen state in the Antarctic and Arctic Ocean. The remaining 0.5% is not equally distributed across the regions. While some of the regions are blessed with perennial rivers, many are suffering out of scarcity. In India, about 90% of the fresh water is used for agriculture, which means when there is a rise in population, the water resource will be heavily exploited for food production. Many regions are water stressed and facing repeated droughts. The Deccan plateau of Southern India is a rain shadow region, which frequently faces drought and flash floods due to cyclonic rains. The ancestors of the land made it livable by constructing thousands of irrigation tanks and village ponds to store and use water at times of scarcity. These water bodies are still serving millions of families by addressing their irrigation and drinking water needs. For the farmers, it is only a means to survive the crops.

In the present world compounded by climate change and water scarcity, conservation is not a choice, but it is a necessity. Government and non-government organizations are seriously working on this by involving the local community through their organizations. The important challenge for them is how to sustain the efforts of the community and to facilitate community-led development. DHAN Foundation started to work on these issues and identified endowment fund creation as a solution.

2.0 What is Endowment Fund?

Endowment is a donation given to carry out development works from the interest or surplus generated out of the donated fund. Endowment fund is not a new concept for Tamil Nadu and southern peninsular India. The prevalence of this concept and practice dates back to 1190 AD. The inscription available in Somangalam village of Kanchipuram district confirms that traditionally such funds are created to renovate irrigation tanks. Similarly, there are several inscription-dating centuries' back, carrying information on land and livestock donation to temples to meet their routine expenses. The local rulers and farming communities, in those days, realized the importance of creating endowment funds for water conservation and building sustainable livelihoods. Besides renovation, the investment on water bodies can also be compared with endowment funds, since these water bodies remain and support income generation directly and indirectly.

In the modern age, this concept has vanished due to breakdown in community management. The local water bodies, which were closely fabricated with the local culture and practices, were alienated, abandoned, and encroached. These water bodies are the only weapons and tools to the human kind to combat climate change, address water shortages in southern peninsular India. Considering the situation and based on the learning from the community, DHAN Foundation reintroduced the endowment fund concept to facilitate people organizations to take up minor renovation works without dependence. The intervention not only helped the community to renovate, but also improved the vibrancy of the people organization.

¹ Water Facts and Trends, World Business Council for Sustainable Development

3.0 Importance of Endowment Fund

The importance of endowment fund can be discussed under four important dimensions that includes, social, environment, economic and political.

3.1 Social Dimension

The Southern India is known for efficient water management. The centuries old tanks and ponds stands as testimony of ancient wisdom. Age-old tanks are still holding inscription dating several years back, conveying the initiatives of village forums on water conservation. However, these institutions disappeared in the past one-hundred years. The water bodies, which were fabricated with the local culture, were abandoned and encroached. In the absence of people organizations, government was in a position to initiate centralized effort to save and conserve water. The initial approach based on delivery mode created more dependency on government. Moreover, there was a big gap in terms of understanding between the demand and supply. Only after realization, government started mobilizing community in various forms. Still there was a vacuum in the approach.

Not only government, many organizations around the world promote people organizations, to enable community to participate in development works. After the project completion, these institutions are left with nothing to sustain the project initiatives. Though finance is not the only key factor, it serves a tool and helps to work together as a unit for achieving the purpose of the formation. The farmers associations need to have capacity to govern their institution and natural resource, which is key ingredient for sustainability. They require sound leadership with vision, policies, systems, better linkage with mainstream, and most importantly the fund for renovation. In olden days, the village forums raised money by taxing households, since the unity was very high.

There is a strong need to sustain and engage people organization to promote decentralized conservation. These organizations must be treated as partners and not the beneficiaries. They need to gain capacity to take-up conservation activities. DVTf is engaged in building people organization for the past two decades. Its experience indicates that institution can be sustained only through investment on people. Creation of endowment fund is a vehicle to sustain the efforts of people organizations.

3.2 Environment Dimension

“Climate Change” is the critical issue of our time and its impact is visible in the developing countries like India. The huge concentration of human population makes it more vulnerable. India has too little land when compared with its total population. With 2.5% of worlds area India is home to 17% of the world’s population. Climate Change has direct impact on entire nation’s environment like water resources, sea levels, and biodiversity and different sectors – agriculture in particular. Around 50% of the nation’s population still depends on agriculture activities, which is climate sensitive and this population includes vast portion of poor and vulnerable communities.

Climate model simulations and other analyses made by experts including the United Nations inform the following:

- there will be changes in the quantity and distribution of rainfall and runoff
- total flows in small streams in local catchments vary greatly leading to shortages
- rising the probabilities of extreme high or low flow conditions increasing drought and floods
- seasonal runoff regimes getting changed and the rain fed areas get reduced crop yields
- groundwater-surface water interactions will change and water will become saline

- finally, the changes significantly affect smallholder incomes forcing them to abandon their agriculture livelihoods.

Endowment Facilitates Effective NRM

Given the vulnerability of the context, there is an immediate need for decentralized effort to save and conserve water. Every effort to save water would address the thirst of the future generation. DVTf has already promoted Vayalagams and created endowment fund at their level to improve the condition of water bodies. The improvement of water bodies is highly essential in the coastal districts, where the seawater intrusion is very high. Similarly, in several blocks the ground water is over exploited. Building people organization, renovating water bodies, and regular maintenance are the only means to overcome the challenges. Endowment fund helps to sustain the people organization and its efforts on water conservation. The people organizations are continuously utilizing the fund for renovating field channel, sluice, bund, desilting tank bed and removing shrubs.

Most importantly, the mother earth is for every life and every effort to save water will protect the ecosystem. Irrigation tanks and village ponds are home to diverse flora and fauna. Efforts to enhance water storage capacity will sustain and improve the biodiversity.

3.3 Economic Dimension

Irrigation tanks and village ponds has many components like sluice, surplus weir, tank bund, tank bed, supply and field channel. The farmers association must be judicious in applying the fund for the renovation works. Given the situation of fund limitation, the association has to utilize the funds more effectively on the works that creates more revenues to the farmers. Farmers have more knowledge on “what to do” and “how to do” and hence their involvement in decision-making is more important.

Both the government and panchayat have to consult with the community to apply the fund more efficiently. As the net present value of money is declining over a period time, the association has to have policies that facilitate addition to the existing endowment fund. Every year, the association can mobilize fund from local community or can allocate fund from the revenues that are generated through fish rearing, sale of thorny shrubs etc. Such initiatives will sustain the efforts of people organization.

DHAN Vayalagam (Tank) Foundation has promoted over 3300 village level associations and supported more than 350 associations’ in creating endowment fund with the support of mainstream organizations. Besides, the associations have mobilized an equal amount from the households in the village. Now these organizations are operating independently and carrying out minor renovation works without external dependence.

3.3.1 Means to Generate Endowment Fund

i. Promoting Inland Fish Rearing

Inland fish rearing, not only generates income, but also supplies nutritious food to the poor farmers. It helps to improve the productivity of the water. Most of the tanks and ponds in Tamil Nadu and Southern India are not efficiently used to generate income. Through fish rearing, the local farmer’s association will be able to generate sufficient income for carrying out the renovation works. A portion or the entire income can be added with the existing endowment fund to meet the increased cost of renovation. Such practices will help to improve the size of the endowment fund.

ii. Planting Tree Crops

The farmer’s association can plant trees around the tank bund and foreshore boundaries. The trees of selected species, which has timber, fruit and fodder value can be planted so that regular income can be generated. The income generated can be directly applied for the renovation works and a portion can be

added with the endowment fund. The association and its members have to monitor the production and utility of fund. Besides generating income, tree planted also generates employment for the local households and directly enhances Village Gross Domestic Production.

iii. Usufruct Sharing

The association can enter into an agreement with the local panchayat for selling shrubs, which is used to produce charcoal. Most of the tanks have abundant thorny shrubs, which reduces the storage capacity and hinders renovation works. The charcoals made out of these shrubs have better demand in the market. The associations can use this opportunity and generate income in partnership with the panchayat.

iv. Silt Application

The silt settled in the tank bed is nutrient rich, and by applying on the field, farmers will be able to improve the productivity. This serves the dual purpose of tank de-siltation and production enhancement. The village level association can generate income by taxing silt collection in cooperation with the village panchayat. The income out of silt application can be used for renovating other tank components.

v. Dead Storage

Usually, it is created to ensure water availability to the livestock during summer. The beneficiaries are the herders. The village association can generate revenue by taxing the herders. The income generated can be directly added to the endowment fund and in future this can be used for deepening the dead storage.

vi. Microfinance Groups

Microfinance groups are promoted to address agriculture and other livelihood credit needs. The members of this group directly benefit from irrigation tanks irrespective of land ownership. Even the wage labourers get employment only when the tank is filled with water. Hence the microfinance group can allocate its internal funds to create endowment fund or for tank renovation. Such allocation can be done at regular intervals.

3.4 Political Dimension

Political factors are the deciding factors which has direct impact on livelihood of the all the citizens. National and State government can introduce new policies and modify the existing policies according to the need. During the British rule, the ownership of irrigation tanks was centralized to generate revenues. This had very huge impact on entire Southern India. People, who owned the water body and took active participation in renovation works, started disowning them. The "Kudimaramath" system existed centuries before started disappearing after the introduction of Ryotwari system. People started depending upon the government system even for the simple renovation works. Over a period, this created huge water stress in the rain shadow region. The policy of the government decided the fate of the entire nation. Due to continuous external pressure and learning from the field, government is shifting from centralised to decentralized approach, which creates more space for the community.

Similarly, ground water in India is under open access and highly exploited. Farmers have shifted from low to high water requiring crop considering the market demand. The electricity subsidy provided to the farmers facilitate ground water extraction rather conservation. There is no effective mechanism to control groundwater exploitation. Though the ground water bill 2011 deals with this issue, it may take few more years to introduce effective mechanism.

DVTf is continuously working with different stakeholders including government. It has organized several policy workshops focusing on changes that are essential. It was one of the key contributors to

introduce encroachment eviction act. Due to continuous focus, mainstream organizations have come forward to support tank-based watersheds. In 2000, DHAN introduced endowment fund at Vayalagam level on an experimental basis. Later, realizing the importance of endowment fund, it decided to introduce this in all the Vayalagams, wherever renovation works are carried out. The learning gained out of practice has to be shared and mainstream, which will benefit millions of farmers in Southern Peninsular India. DVTF will initiate continuous efforts to introduce endowment fund provision in all the government-implemented project.

DVTF has facilitated promotion of Vayalagam Mutual Movement at district, state and national level for representing and addressing the policy level issues.

4.0 Principles of Effective Endowment Fund Governance

4.1 Transparency

Transparency is an essential ingredient to gain the trust and goodwill of the community and other stakeholders. All the stakeholders, who are benefitted by the renovation work implemented out of income generated from endowment fund, must be aware on decisions taken and funds utilised. The accounts of these village level associations must be shared and accessible to all its members. DVTF and people organizations have adopted highest-level transparency in implementing the conservation works. Signboards were implanted wherever large-scale conservation works were carried out. Moreover, the expenditure details were discussed in the village level forums.

4.2 Participation

Participatory approach facilitates transparency. People organizations must adopt democratic practices not only to facilitate everyone's participation but also to achieve institutional sustainability. Participation of all the people including poor and vulnerable section and excluded section is essential for achieving the purpose of implementation. The important decisions have to be taken by the community leaders to build the ownership and benefit from the local wisdom. From the inception, the DVTF and people organizations have adopted institution building and enabling approach to facilitate community owned and managed development.

4.3 Accountability

As discussed above, many organizations are engaged in building people organizations. All the organisations must focus on building sound leaders, who accepts the impact of their initiative. Both leaders and members have defined roles and responsibilities. Members of people organizations must actively participate, contribute, and ensure accountability of leaders. The leaders of the people organization must be aware of system and procedures to deliver the expected responsibilities. DVTF usually trains members and leaders on their roles and responsibilities at the beginning. Further, it facilitates interaction with experienced leaders to facilitate cross learning.

4.4 Access to Justice

All the members of people organization must have equal opportunities and renovation works have to be chosen based on the priorities of the community. The leaders of community organization cannot operate independently without the consensus of the members. The renovation works must also benefit tail end farmers. If a tank has more than one sluice, the association has to choose the sluice that is most damaged for the renovation work. Only then, the suffering of the poor households will be addressed. Whenever conflict arises, the association has to intervene and resolve it judiciously without favoring a section or group. The association has to ensure equity in distribution of water to all the households.

4.5 Responsiveness

People organizations have to be people centric and must response to the needs of the members irrespective of caste or gender bias. Grievances of the community must be addressed instantly, whenever it comes to the notice of the association. People organizations have to ensure that all the members get equal opportunity in sharing their views and needs in the meeting. These organizations should have policies that engages poor households

5.0 Eligibility to Access Endowment Fund

The eligibility has been derived based on the decadal experience of the DVTf.

- The recipient organization must have completed at least one year.
- Respective organization must have implemented a renovation work
- The organization has to fulfill the criteria set by DVTf. The criteria would include participation of community, frequencies of meeting organized, democratic practices, contribution mobilization, awareness level on concepts, ownership of community, and financial records
- A certified auditor must have audited the accounts of the association
- The association must file a detailed application seeking endowment fund from DVTf
- The association must receive approval for all the expenditures during the AGBM
- The association must create an equal fund with the contribution of the local community
- Each family has to contribute minimum Rs. 200 and this can be increased based on the context and need for renovation works.
- The association has to deposit a matching fund and submit a photocopy of bank passbook to DHAN Foundation
- The association must have the baseline of its members with complete details

6.0 Utility of Fund

- The fund received must be kept in fixed deposit in a nationalized bank. The interest income can be used for renovation work with the approval of forum
- The interest income generated has to be applied only for tank and village pond renovation
- Work priority ranking must be done before implementing the renovation works
- Every year at least 10 - 20% of the interest income must be added to the endowment
- Proper approval has to be obtained from the association and it should be documented in minutes note
- Type of activity implemented and its impact has to be properly documented

7.0 Monitoring the Utility of Endowment Fund

- The fixed deposit bond issued by the bank must be kept in a safe place

- The fixed deposit bond should not be mortgaged to obtain credit from banks or any other financial institutions
- Every expenditure incurred must have supporting document (Bills or Voucher)
- The association has to promote a committee to monitor the work implementation
- Approval has to be obtained for all the expenditure and this must be verified in the minutes note
- Interest income must be utilized for relevant activities based on the priority and approval of the association. This can be verified through FGDs and minutes note book.
- The endowment fund given to the association must not be used for renovation.
- Proper approval has to be obtained from DHAN Foundation, if the fund is to be invested on any of the income generating activities like fish rearing, tree plantation etc
- At any point of time, the endowment fund should not be distributed as loan to the members. Accounts and bond has to be verified by the internal auditor.
- For the first five year, the interest income need not applied on any of the renovation works. It will allow to pool income, which can be later utilized for the renovation works
- Within DHAN, status of endowment fund has to be shared during the regional and programme level meeting, including effective application of funds
- Based on need DHAN Foundation will engage people accounts cell (PACE) for conducting internal audit

8.0 Way Forward

Endowment fund can be a potential tool for sustaining the efforts of people organizations. This will improve the vibrancy of people organization and enables to act swiftly without the external dependence. The community leaders and members of the people organizations must be trained and oriented on generation and effective application of funds, which will maximize the benefits to the farming communities. DVTF and the Vayalagam Mutual Movement will work continuously on mainstreaming the endowment fund creation to secure water for the present and future generations.