

**Regional Conference on the Impact of Financial Crisis on Vulnerable Sectors:
Civil Society Voices and ASEAN
July 28-29 2009, Jakarta**

Executive Summary

I. INTRODUCTION

The regional dialogue was convened to strengthen a constructive civil society interaction with ASEAN and policy makers in confronting the challenges of the global financial crisis. At the end of the workshop, the following results are expected:

1. Improved and shared understanding of the impact and challenges of financial crisis in the region particularly to the poor and marginalized sectors;
2. Generated concrete policy recommendations and clear action points in addressing the financial crisis both for the national and program level.

The conference program took off from the articulation of the impact of the financial crisis by the vulnerable sectors and development workers, followed by a sharing by ASEAN and international development agencies of the global and regional responses to financial crisis.

Based on these sharing and exchange of views, the forum proceeded to a workshop to define people-centered programs and policies to respond to financial crisis. The workshop resulted into a consensus documents of recommendations, which was presented to regional and international bodies the following day. The forum concluded with action planning to move the proposals forward.

The conference had the participation of nearly seventy representatives from the farmers, fishers, indigenous peoples, women, SME and trade union sectors, business and small and medium enterprises, national and regional groups and networks of CSOs, academe/research community, donor community, and ASEAN Senior Officials.

II. PRELIMINARIES

The following messages and keynote address marked the opening session:

Keynote Address by *Christopher Ng, UNI Apro Regional Secretary* underscored how the most vivid manifestation of the crisis is seen in the jobs crisis: unemployment, precarious informal employment, and unprotected flexible work. To the trade union movement, it is rooted in global economic inequalities compounded by a global epidemic of bad corporate governance. There is thus an urgent need to have not only judicious rules in the global financial markets but also minimum standards of ethical behavior for CEOs and among the TNCs. Also, there should be greater space and flexibility for all countries, especially the developing ones, in pursuing coherent social and economic policies protecting the jobs and welfare of the working population. The trade unions have a stake in sustaining the viability, productivity, and profitability of business, for this is central in creating decent, secure, and sustainable jobs. The alternative, as UNI Apro is propagating in many ASEAN countries, is for industrial relations actors, through sincere and genuine dialogue, to develop practical strategy based on the concept of true social partnership to adjust to the global competitive challenge.

Welcome Remarks by *Mr. Alberto Yuson, BWI, AP Regional Secretary* observed how corporations have used the crisis to lower labor standards or even undermine freedom of action. He stressed that the global economic crisis should not be used as an excuse to not implement global labor standards. He likened response to the crisis to a football game where the level should be brought from the defensive to the midfield, and eventually and hopefully, to the offensive. Responses to the crisis have always focused mostly on immediate social safety nets and massive temporary employment strategies. Bringing the game to the midfield means the promotion of sustainable, decent jobs. Advancing it further to the offensive level would require advancing trade union agenda and combating inequality.

Opening Remarks, by *Ms. Marlene Ramirez, AsiaDHRRA Secretary-General*, highlighted their appreciation for the opportunity to work with UNI Apro which has an enormous capacity to integrate on a bigger platform. Ms. Ramirez stressed the challenge of finding convergence not only in words but concrete action and terms of cooperation. She observed, "We persist in our work despite the many interlinked crises in relation to food, energy, and climate change arising from both governance and market failure. We try to remain positive, to be more imaginative, more in solidarity with one another."

III. PLENARY PANEL DISCUSSION I

Impact of Financial Crisis on Development Work: Voices from Vulnerable Sectors and Development Workers

The panel consisted of leaders and representatives from organized networks representing the vulnerable sectors and the development workers. Each presenter gave a summary of the current situation of the sector, the work being done by their respective organizations, a brief description of the impact of the financial crisis on the sectors, and their recommendations to address the crisis. The following represents some of the highlights of their presentations :

Sector and Presenter	Impact of the Financial Crisis	Recommendations
Small Men and Women Farmers in ASEAN <i>Mudzakkir, Chairperson, Aliansi Petani Indonesia and Vice Chairperson, Asian Farmers' Association</i>	<ul style="list-style-type: none"> • Demand for traditional export commodities have suddenly dropped, causing lower and more unstable incomes; • Demand and price of products from contract farming also became unstable; • More farmers are getting deeper into debt, throwing themselves at the mercy of loan sharks. We Even farmers can no longer afford the price of rice 	<ul style="list-style-type: none"> • Educate farmers about economic household management. • Secure land tenure, and access rights to water and seeds. • Increasing efforts to practice diversified, sustainable agriculture Organize commodity-based clusters for cooperative production and marketing of safe, organic products to have more bargaining power in the market.
Fisheries Sector <i>Glen I. Ymata Southeast Asia Fish for Justice Network</i>	<p>Small fishers can be resilient to the global financial crisis in short term due to their subsistence characteristic but considering that small and artisanal fishers are the poorest among the poor with resources comparatively lower than other sectors, in the end they will suffer most.</p>	<ul style="list-style-type: none"> • State and intergovernmental initiatives must shift their role to regulation of the market and intensify their programs in rehabilitating the coastal, marine and natural resources • Developing rural assets and distributing them equitably • Improving fisheries governance and developing human

		resource and labor market for the most vulnerable sectors.
SMEs in Indonesia <i>Ign. Wahyu</i> <i>Indriyo</i> <i>Bina Swadaya</i>	<ul style="list-style-type: none"> • Increase in production cost & living cost • The unregulated market creates more vulnerable conditions especially for salt trader (imported salt). • The terms of global trading put in jeopardy the food security of more than 38 million farmers in Indonesia. 	Regulation and protection of small and medium enterprises particularly, of those in creative economies such as fashion, art and handicrafts, television, radio and cinematography, print and publishing, computer and software, interactive game, music and show business.
Rural Community Organizing <i>Ika Krishnayanti</i> <i>Bina</i> <i>Desa/InDHRRA</i>	<ul style="list-style-type: none"> • The community, including children, is forced to look for income making it more difficult for them to find time for social activities and limited space for awareness raising efforts. • There is also an observed decrease in community contributions for various capacity building activities. 	<ul style="list-style-type: none"> • Community empowerment through sustainable agriculture is approached using local available resources and local wisdom, and where gender equality is recognized for sustainable livelihood. • Community organizers continue to develop critical engagement among stakeholders with government for pro-poor policies and national sovereignty.
Impact on Consumers <i>Ms. Hira Jamtani</i> <i>Associate, Third</i> <i>World Network</i>	<ul style="list-style-type: none"> • The crisis has often been used by producers as an excuse not to make new investments. • The government's response, on the other hand, has always been to tell the people to consume more. They have not been able to and with money so tight, education and health are always the first to go. 	<ul style="list-style-type: none"> • Solutions put forward has always been to bailout as temporary painkillers, instead of a new paradigm and global financial architecture.

Men Sta. Ana, moderator of the plenary, gave the following observations and notes after the presentations: (1) With or without the crisis, a big segment of the populations in Southeast Asia suffer from underdevelopment; (2) Leveling off may be needed on some issues (views on pricing interventions, for instance), and that (3) CSOs, ASEAN, and governments have common goals but there will still be tension areas. In terms of short term demands, we have to know there will be trade offs and is not going to be that easy to put up a common agenda.

He summed up convergence of sectoral recommendations into three points, namely: (1) Safeguard and promote rights and accountability mechanisms, and open up political space; (2) Strengthen social protection and policy, including the mitigation of the impact of price influx; and (3) Strengthen national institutions that will enhance an inclusive macroeconomic environment.

IV. PLENARY PANEL DISCUSSION II

Global and Regional Responses to Global Financial Crisis

The panel consisted of officials from ASEAN and international agencies who each presented their views of the crisis, their assessment of ASEAN's response, and their responses and recommendations. The following highlights emerged from this panel's presentations:

Presenter	Assessment of ASEAN's Response to the Crisis	Agency Responses and Recommendations
<i>Aladdin D. Rillo, Head, Finance Integration Division, The ASEAN Secretariat</i>	ASEAN has not decoupled from the global financial crisis, but has remained resilient so far. Countries in the regions have responded with individual stabilization measures, comprising of monetary easing measures and well-targeted fiscal stimulus measures. Regional measures have so far been encouraging, but more coordinated responses are still needed.	<ul style="list-style-type: none"> (1) Rebalance growth away from external demand toward domestic demand. (2) Stabilize financial systems and and promote financial market development; (3) Strengthen and deepen regional cooperation, in the areas of trade liberalization, financial integration, and exchange rate coordination; and (4) Participate in credible reforms of global and regional financial architecture.
<i>Johanna</i>	The key challenge is to	The guiding principles of GTZ's

<p><i>Knoess, GTZ Social Protection Policy Project, Indonesia</i></p>	<p>rejuvenate economic growth without derailing development strategies. There is a need to look beyond and not to lose sight of social impact of the crisis to vulnerable groups. Economic recovery must be accompanied by social development and social cohesion, but more coordinated responses are needed to facilitate recovery .</p>	<p>response to the crisis in Asia region have included:</p> <ul style="list-style-type: none"> (1) A new development paradigm to address the crisis (socially balanced development) (2) Strengthening of the domestic (and regional) economies and the removal of structural barriers to intra-Asian trade; (3) The stabilization of domestic demand through the expansion of social security systems; and (4) The continuation of efforts to prevent and mitigate adverse impacts of climate change. <p>The crisis requires joint and co-ordinated response by states, civil society actors and international community. Co-operation at national and regional levels is beneficial. The crisis helps to re-focus sectors that are of central importance for long-term and equitable growth: education, health, social protection.</p>
<p><i>Ms. Michaela Prokop, UNDP Indonesia</i></p>	<p>Most countries in Asia have responded with fiscal stimulus packages, however, support mechanisms for the vulnerable – while having increased- are still fragmented and piecemeal – partly also because information about most vulnerable is still missing for better targeting of social protection schemes.</p>	<ul style="list-style-type: none"> (1) The global economic crisis presents a case for renewed multilateralism – it requires concerted, global solutions. Inadequate international coordination does not only endanger economic recovery but the achievement of MDGs. (2) The measures proposed at the UN summit on the Financial and Economic Crisis of June 2009 are set in a frame of longer term actions to tackle climate change and other

		<p>environmental threats.</p> <p>(3) Commission of Experts recommended a number of counter-cyclical measures of stimulus and called on countries to hold back on protectionist actions and to introduce greater regulation over financial and other markets</p>
<p><i>Dr. Alexander Chandra, Senior Policy Adviser on ASEAN</i></p>	<p>. ASEAN is still too economic in nature. Its relative openness to engagement with CSOs has occurred only in the last four to five years.</p>	<p>(1) What can be done to bridge the ideological divide between ASEAN and CSOs?</p> <p>(2) How can CSOs get a collective response inclusive of the people in the region? How can the commitment of CSOs be pursued at the regional level?</p> <p>(3) How can it assist ASEAN to give more commitment to economic integration for regional economic resilience?</p>

The plenary following the presentations yielded the following insights and ideas:

On the problem of unregulated capital and financial markets: The crisis is traced as emerging from two major causes: (1) Business moguls lacking in social consciousness and concern for the customer; and (2) The lack of regulation of financial products / the irresponsibility in sales of products and services. governance failed to address these issues i then and now. This may not be the last crisis the world will experience. Policy makers cannot afford to be complacent. As still the most dynamic region, ASEAN can capitalize on it as a chance to articulate potentials for regional integration, to make it more resilient to shocks from the global economy. The region can begin to strengthen ASEAN mechanisms for more effective risk management. More importantly, ASEAN should not lose sight of the development aspect of the crisis. Part of the integration that has to happen in addition to the integration of ASEAN economies is the integration between the social and the economic aspects. ASEAN has traditionally focused on predominantly economic agenda but in the past four to five years, it has opened the arena for dialogues on social development issues.

On fiscal stimulus packages: The World Bank, which has given prescriptions that did not work in 1997, is currently working more closely with governments in the micro-level (meaning, household level) use of this instrument.

On liberalized trading in the region. Liberalized trading directly affects the vulnerable sectors. The more a government gives, the more the entitlements are taken away from the poor. For the fisherfolk sector, this has translated into widespread displacement in coastal communities. Unfortunately, liberalized trading is inevitable in ASEAN. The challenge is to increase efforts among the social sectors to promote policies for the protection of labor standards and the rights of vulnerable groups. There has to be conscious efforts to balance the impact of trade liberalization.

On the proposal of GTZ to create a favorable socio-democratic environment for other countries. (Does this also mean the inclusion of this agenda in the bilateral trade agreements?) Germany would still try to push the agenda but it is not something that can be put up at the moment without first consulting the others on the details of long-term planning.

On the "ASEAN Voices in Crisis," which was defined by the High-Level Forum on Reducing Vulnerability in the Face of Crisis held in February this year in Jakarta, Indonesia as the initiative to be led by the ASEAN Secretariat to gather, publicise, and disseminate the perspectives and voices of ASEAN citizens who are facing the crisis: The ASEAN Secretariat is aware of this commitment but has not yet started a plan since the focus right now is in trying to formulate the right interventions to the financial crisis. and in looking at the ASEAN countries individually in terms of helping them effectively implement social protection schemes.

On the coordination between and among ASEAN divisions in strengthening the call for a more caring community: ASEAN is walking on three uneven legs, with the economic leg growing faster than the rest. It is a challenge to make ASEAN stand upon the equal strengths of its three divisions, but progress has been seen to move towards this direction. It would help to hoist the social development agenda on national partnerships as building blocks to regional cooperation. It is more difficult to pursue regional cooperation when national-level partnerships are inexistent or weak.

V. WORKSHOP 1: Defining people-centered programs and policies to respond to financial crisis in the context of other challenges (e.g. food crisis, climate change, labor issues)

The participants were grouped into four, namely: the agricultural sector (farmers, fishers, indigenous peoples), migrant workers and labor, consumers, and small and medium enterprises. The workshop groups were asked to identify the good policies and

programs that are in place or that are being done, the policy and program gaps, and recommended policies and programs. After the plenary presentations, the following clarificatory questions were raised:

On the report of the migrant workers' group: (Is the lack of detailed plan a conscious decision to leave it at that level?) The discussion focused on how to operationalize the framework. It was agreed to have a series of national consultations to look at the framework to pinpoint areas where there can be concrete cooperation.

On the report of the consumers' group : We need a policy recommendation to prevent another crisis from happening again, particularly with regard to the regulation of the financial market. Also, we need to raise the question about effectivity of stimulus packages for developing countries. These should not be loans but grants, since it was them who created the crisis in the first place.

On the report of Regional Economic Coordination/CMIM group: There is the concern about regional coordination which is still related to the supra-national interventions. There is a recommendation to strengthen the domestic economy to insulate the vulnerable sectors from shocks. What regional cooperation can be done to avoid beggar-thy-neighbor practices, specifically on taxation and exchange rate practices? Very specific proposals are not at hand right now but this question will have to be addressed.

AsiaDHRRA convened a small group to consolidate the recommendations and to come up with a consensus document of recommendations, for presentation in the dialogue on the second day.

VI. DIALOGUE WITH REGIONAL AND INTERNATIONAL BODIES

The plenary reviewed and approved the draft "CSO Recommendations to Effectively Address the Impacts of the Global Financial Crisis to the Vulnerable Sectors in the ASEAN Region." The document called for a thorough examination of the global financial system and the formulation of a new global financial architecture that is fair, transparent, has development agenda, and resilient to crisis shocks. The document outlines six clusters of recommendations and specifies the CSO commitment to work together to make their governments, ASEAN, and other international bodies to be responsive to the needs of the poor and the marginalized.

The panel discussants affirmed the CSO recommendations as having significantly covered the main points raised during the forum. However, all of them called for more targeted, specific recommendations that will immediately instruct agencies on very

concrete, sustainable points of actions to take at different levels. Toward this end, the following suggestions to sharpen the draft were put forward:

From the ASEAN Secretariat

- (1) Come up with a snapshot report in preparation for the G20 meet in October, towards the further strengthening of ASEAN's role in the G20;
- (2) Work towards having healthy partnerships at the national level which the ASEAN considers as building blocks to regional cooperation.

From GTZ

- (1) Further strengthen recommendations about the stimulus package and financing for social protection to ensure that the social sector is not left behind;
- (2) Further encourage ASEAN itself to have a better policy coordination mechanism to make sure its three pillars meet,
- (3) Encourage ASEAN to engage CSOs on the non-traditional security issues.

From Oxfam

- (1) Have a stronger focus and impact on women.
- (2) Further put details on the Importance of CSOs in direct and indirect monitoring.
- (3) Continue to raise the systemic nature of issues; do not get stuck in sectoral discussions. We need to be conscious about the tensions in the UN processes. We need to continue discussing systemic issues in the global economy.
- (4) Further develop the proposal on what form of economic development must take place to move away from export-driven development
- (5) Further pursue proposals on how to encourage stronger accountability. In particular, what can be expected from those who are less affected?

From World Bank

- (1) Add more about the MDG.
- (2) In terms of presentation of proposals, distinguish between micro and macro, preventive and responsive action. Outline the broad issues and break them down into concrete proposals.

From UNDP

- (1) Make a powerful comment on what the agencies should work to change in an informed and useful way.
- (2) Prioritize the calls for action.
- (3) The engines of institutions work very slowly, so be very practical with the recommendations.

Ms. Ramirez concluded the plenary with the note that the planning session that will follow will clarify how the CSOs will proceed in coordinating with ASEAN. The emergence of consensus points is already a positive step forward, and the recommendations put forward by agencies are taken as useful guidelines and guidance in the on-going dialogue between and among the CSOs, the international agencies, and the ASEAN.

VII. SUMMARY OF ACTION PLANS

The workshop to plan for actions to move the Draft CSO Recommendations forward were divided into the following groups: Agricultural Sector, Labor and Migration Sector, Democratizing CSO Participation in the Improvement and Implementation of the Roadmap for an ASEAN Community 2009 to 2015, and Strengthening Regional Economic Coordination (CMIM).

The workshops identified priority policy issues, concrete action points, and support needed at the national, regional and international levels. Clarificatory questions were raised in the plenary that followed.

Ms. Esther Banzuela, the workshop facilitator, identified the following four categories of recommendations or action points emerging from the sectoral plans:

- (1) Strengthening mechanisms for dialogue at all levels, which includes, among others: information sharing and updating, opening up spaces for participatory, consultative regional dialogues that also find concrete expressions at the national levels;
- (2) Putting mechanisms for monitoring initiatives and agreements at all levels;
- (3) Establishing/strengthening regional networks/linking groups from different clusters; and
- (4) Using international conventions and agreements signed by member-countries to put the issues forward. At the national levels, there are concrete recommendations especially for the finance and migrant sectors.

Concrete steps to be taken following this forum includes the finalization of the CSO declaration, documentation of the conference, and the convening of ad hoc groups and meetings when necessary.

VIII. CLOSING CEREMONIES

Before closing the event, Ms. Ramirez expressed appreciation for the openness and active participation of all the delegates who came, for the efficient assistance and service provided by the ASEAN and AsiaDHRRA Secretariats, the high officials of ASEAN and regional and international agencies who lent their valuable time and insights, and to Oxfam-Hongkong and GTZ for supporting this event.

In behalf of the workshop delegates, Mr. Glen Ymata, who initially thought it would not be possible to come up with a consensus document, affirmed that the formulation of a common declaration is the most significant indicator of the success of this forum.

Dr. Chan Darong, Deputy General of ASEAN Technical Affairs, gave the closing remarks. He expressed: "We were brought together by the common intention to work together to promote a regional cooperation that will support the vulnerable sectors in the region. We collectively sought regional solutions and strategies to make the vulnerable sectors stronger and more resistant to crisis, and I am thankful for all the insights generated in the exchanges. Each of us will bring home the recommendations to convey to our respective governments. I express my heartfelt thanks and appreciation to the team that organized this conference."

Ms. Sudaporn Sittisatapornkul, Chairperson of AFA, gave the closing message. She expressed appreciation and affirmation of the continuing efforts to ensure that the vulnerable sectors will no longer be as pained and disempowered by the financial crisis, and that with the growing trust-based relationships between and among ASEAN, CSOs, and international agencies, a new regional economic paradigm might soon emerge that is fairer, more equitable, more transparent, and less prone to future shocks from the global economy.

With these notes, the forum was drawn to a close.