SOCIAL WATCH

REPORT 2009

OVERVIEW

Making finances work: PEOPLE FIRST

OVER SIXTY REPORTS FROM CIVIL SOCIETY ORGANIZATIONS AROUND THE WORLD SHOW THAT THE ONLY WAY OUT OF THE CURRENT ECOLOGICAL AND ECONOMIC CRISIS IS TO INVEST IN PEOPLE.

A CITIZENS´ GLOBAL PROGRESS REPORT ON POVERTY ERADICATION AND GENDER EQUITY

The full version of the Social Watch Report 2009 includes:

And national reports from:

Algeria, **Argentina**, **Bahrain**, **Bangladesh**, **Belgium**, **Benin**, **Bolivia**, **Brazil**, **Bulgaria**, **Burma (Myanmar)**, **Cambodia**, **Canada**, **Central African Republic**, **Chile**, **Costa Rica**, **Cyprus**, **Czech Republic**, **Egypt**, **El Salvador**, **Eritrea**, **France**, **Germany**, **Ghana**, **Guatemala**, **Honduras**, **Hungary**, **India**, **Iraq**, **Italy**, **Kenya**, **Lebanon**, **Malaysia**, **Malta**, **Mexico**, **Moldova**, **Morocco**, **Mozambique**, **Nepal** , **Nicaragua**, **Nigeria**, **Palestine**, **Paraguay**, **Peru**, **Philippines**, **Poland**, **Portugal**, **Romania**, **Senegal**, **Serbia**, **Slovakia**, **Slovenia**, **Somalia**, **Spain**, **Tanzania**, **Thailand**, **Uganda**, **United States Of America**, **Venezuela**, **Vietnam**, **Yemen**, **Zambia**

Voices that make a difference

This Social Watch Report goes to print in September 2009, a year after the US Government failed to rescue Lehman Brothers from bankruptcy. The collapse of this global investment bank marked the peak of a crisis that started at the epicenter of globalized finance on Wall Street and soon spread to national economies everywhere.

Since "crisis" has been the keyword for 2009, the question that Social Watch asked its network of national grassroots organizations to respond to in framing their country reports was obvious: What is the social and environmental impact of the global economic and financial crisis in your country? What is your Government doing about it? What proposals are being put forward by civil society?

Each national Social Watch coalition, examining the situation in its own country, has identified a variety of ways in which the crisis is affecting them. Those findings are the heart of this report and they provide the bottom-up perspective of the people working with and from the grassroots.

This is not a commissioned report. Each national Social Watch chapter is made up of organizations and movements that are active year-round on social development issues. Their findings are not intended as pure research. Rather, they are used to draw the attention of the authorities to issues of concern and to help shape more equitable, gender-sensitive and pro-poor policies.

Asked to comment on the crisis, the Social Watch national chapters decided on their own priorities and emphases and even on their own definition of what the current crisis encompasses. To make the report possible, each national Social Watch coalition raises its own funds and defines its own ways to consult with the grassroots to gather evidence and validate their findings. They do not shy away from criticizing national authorities, policies, elites or governance systems whenever they feel it is necessary. And the voicing of critical views helps strengthen democratic processes. But even when the reports find that much can (and needs to) improve at home, these findings also point to international constraints that cannot be solved at the country level.

There is little democracy in international decision-making either for civil society or for governments. Civil society organizations cannot attend, even as observers, many of the key decision-making fora and in many cases this is also true for governments of developing countries, especially the least developed countries. The World Bank and the International Monetary Fund, the two main pillars of global financial governance, are controlled by seven countries and the United States has veto power in both institutions (as does the EU, if its member countries take a common position).

Thus, the convening at the heads of state level of the "G-20", an informal grouping of 22 economies from the North and the South considered to be of "systemic importance" is a welcome step towards recognizing the new realities in the world economy. But it is clearly not enough, for two main reasons: first of all, because some 170 countries are left out, as happened at the G-20 summits in Washington (November 2008), London (April 2009) and Pittsburgh (September 2009). And secondly, because the G-20 has no institutional weight, no legal status, no accountability, no secretariat in charge of following up on its resolutions and unknown rules for reaching a decision in case the closed-door negotiations fail to reach an agreement.

Yet, it is argued that the advantage of the G-20 is that a reduced number of leaders meeting at the highest level is able to produce significant results, while a large meeting conducted in a transparent way could only produce inflamed speeches for political consumption but no significant agreements. What happened over the last 12 months, instead, was that the General Assembly of the United Nations, meeting in Doha in December 2008 and in New York in June 2009, managed to come out with a consensus of the "G-192" (the total number of members of the UN) that goes deeper in its analysis of the global crisis than has any other internationally agreed document.

Social Watch was an active participant in all the hearings convened by Father Miguel D'Escoto, president of the 63rd session of the UN General Assembly, and submitted recommendations to the commission of experts led by economist Joseph Stiglitz that advised the highest international body in its deliberations on the economic and financial crisis and its impact on development. Social Watch organized, together with dozens of local and international civil society organizations, a "Peoples' Voices" event in New York that brought together local victims of the crisis with activists and researchers from around the world. Our network was also actively involved in the round tables during the June High Level Conference itself and even when only a few of our recommendations actually found their way into the final outcome document, we publicly commended the government negotiators for having achieved a consensus that seemed impossible.

Now it is time to put those agreements into practice; to transform the words into action.

The whys and hows of bringing this about is what the reader will find in this Social Watch Report 2009. ■

Roberto Bissio
Social Watch International Secretariat

People first

Roberto Bissio
Social Watch International Secretariat

The bankruptcy of the Lehman Brothers investment bank in September 2008 is seen by many as the tipping point in a series of collapses in the banking system that spread like prairie fire through the financial markets and stock exchanges of the richest economies of the world. Since then, the word "crisis" has dominated the media as well as political discussion worldwide. The Great Depression that shook the world in the early 1930s is frequently cited as the only precedent and well-known historian Eric Hobsbawn has compared the fall of Wall Street to the fall of the Berlin Wall. Regarded as the greatest historian of the twentieth century, Hobsbaum said, "the totally unrestricted and uncontrolled free-market capitalist economy (…) that captured the world and its governments in the years since Margaret Thatcher and President Reagan (…) is breaking down before our eyes", the same as "the centrally state-planned economies of the Soviet type broke down twenty years ago".[1]

The dust has not settled yet. While politically connected US investment banks such as Goldman Sachs, have started to make profits again and reward their executives with multimillion dollar bonuses, unemployment is still growing in most of the so called "advanced" economies and the tsunami wave of the crisis is only now, one year after the earthquake at the financial epicenter, starting to hit more distant shores. In Bolivia, for example, the local Social Watch coalition in its contribution for this report writes that "as a cycle of world growth roared past (previous to the crisis), Bolivia stood by and watched, unable to take advantage of the opportunity to establish its own rhythm of development. Its economy was just beginning to pick up speed, when the global boom began to stall and then go into reverse."

The findings from civil society organizations in over 60 countries are included in this Social Watch report, the first global bottom-up report on the social impact of the crisis. UN agencies and other institutions have reported estimates of the millions of jobs that will be lost worldwide, the millions more people who will be thrown into poverty and the additional number of children likely to die as a result of the inability of the markets to solve the problems they created (contrary to what was the prevailing credo until last year). Valuable as these are, they are calculated from global aggregates, not the results of direct observation from the ground. The accumulation of findings from rich and poor countries of all continents show remarkable similarities and also a diversity of situations that enriches the picture available so far, makes it even more dramatic and challenges decision-makers with the urgency of implementing policies that put people first. It is not just a matter of social justice, but also of sound economic policy, as a brief overview of the country reports demonstrates.

Innocent bystanders

In capitalist finances, like in a casino, the riskier the bets the higher the earnings. But risky bets also means frequent losses. In that logic, the scandal is not the bankruptcy of Lehman Brothers, but the decision by US president George W. Bush and his Treasury Secretary Hank Paulson to spend hundreds of billions of dollars of taxpayers' money to rescue failed banks, such as Goldman Sachs, of which Paulson was Chief Executive Officer before joining the Government, and insurance groups, such as A.I.G. When President Yayi Boni of Benin, elected owing to his solid reputation as a banker, learned of this decision, he wondered publicly where the trillions of dollars of rescue funds would come from and concluded that the poor would end up paying for the crisis. The Belgian report for Social Watch agrees: when the shares of banks and the principal enterprises in the country collapsed, the Belgian Government went to the rescue of the banks and provided deposit guarantees. The crisis is still causing unemployment to rise, while the cost of the bank rescue is making itself felt in the drastic increase of public debt, with serious repercussions in the provision of social security. In Benin itself, the local Social Watch coalition has discovered that in its efforts to stimulate the economy the State is competing with the poor for scarce construction materials and grassroots organizations are mobilizing against the rising cost of living.

Many of the national Social Watch reports show how women tend to suffer the impact of the crisis disproportionately. In the words of the Polish coalition, "the decrease in family incomes due to the economic crisis might cause pauperization of whole social groups, particularly among the lower and middle classes. It is very likely that this will in turn have a more significant impact on women, since they traditionally are the main responsible for family well-being (this is particularly true among the lower income groups). According to some analysts, crises amplify the grey (informal) sector in the Polish economy as many, especially small entrepreneurs try to minimize labour costs and avoid taxation and other costs associated with formal employment. It seems very likely that the growth of the grey economy will affect women more than men, as they are more often engaged in low paid jobs, especially in the private service sector (e.g. in retail)."

In France the global crisis has had a direct impact on the people, as it has in all the developed countries where it began. The most obvious effects have been rising unemployment and increased social exclusion, and "sectors that not long ago were in a comfortable situation are even suffering food shortages" according to the French Social Watch report. Similarly, the German Government's crisis management strategy does not include social or indeed ecological goals. Its stimulus packages and tax cuts are socially inequitable; layoffs and the rise in part-time workers are revealing the ugly face of deregulation. Poverty is becoming "massive" in both Eastern and Western extremes of Europe, report the Social Watch coalitions from Portugal and Moldova.

In the Czech Republic, "the global economic crisis (...) is lowering the standard of living" mainly because of increased unemployment. The Czech Social Watch coalition challenges the official unemployment figure, arguing that 178,000 people who were considered to be not actively seeking employment were left out and that adding this group would have pushed the unemployment rate 50% higher. Foreign workers, particularly those from Asia, are found to be those suffering the most in the Czech Republic, but also the Social Watch coalitions in Malta, Slovakia and Cyprus report on rising difficulties for foreigners and even cases of xenophobia.

At the other end, economic difficulties derived from diminishing remittances by exported workers are reported from the Philippines, Morocco, Mexico, Nicaragua and many other places. In the case of Egypt "the drop in remittances and the return of émigrés has put pressure on a labour market badly prepared to absorb more unemployed workers." In El Salvador, "more than 300,000 families – 26.7% of the population – receive money from abroad, which helps defray the cost of food, clothing and basic services." Flows of remittances almost stopped growing in 2008 and it is estimated that they will start falling in 2009.

The speed at which countries get affected by the tsunami is not related to its physical distance to Wall Street, of course, but with how its economy is linked to those at the epicenter. In Mozambique, for example, which is one of the poorest countries in the world, the privately own Mozambique International Bank (Millennium Bim) has published a report forecasting that the nation's economy will shrink because of negative growth in donor countries that finance more than half the national budget, and those that make foreign direct investments. Social Watch-Mozambique reports that prices for

1 See: "Socialism has failed. Now capitalism is bankrupt. So what comes next?" by Eric Hobsbawm, published by *The Guardian* on April 10, 2009. Available from: <www.guardian.co.uk>.

aluminum, tobacco, sugar, tea, chestnuts and prawns have fallen. Export revenues will be affected and this in turn will weaken activities that foster economic growth and hamper efforts to promote tourism. With 42% of its budget funded by aid, Tanzania is in a similar situation. The French Social Watch report shows that, because of the crisis and the country's inability to create new resources for Official Development Assistance (ODA), this aid has been cut back sharply and France will not fulfil its commitments in this area. By contrast, Spain has reaffirmed its commitment to channel 0.7% of its national income into ODA by 2012. But even if all donor countries were to honour their commitments, those goals are expressed in percentages of the economy, and therefore the budgets for ODA are bound to decrease in times of recession.

Among developing countries, the greater the linkage with the globalized economy, the bigger and faster has been the impact. México and Chile, two Latin American countries tied to the US economy by free trade and investment agreements, were immediately affected. The price of copper, Chile's main export, peaked at over USD 4 per pound in mid 2008, only to fall to USD 1.4 at the end of the year. Yet, the most noticeable impact of the crisis is, according to the Chilean Social Watch report, the fall in pension fund holdings, which are invested in local and foreign financial assets. The value of retirement savings suffered a loss of USD 27 billion, more than 26% of the total funds, by the end of 2008. This is the reason why household wealth in Chile suffered the greatest losses in Latin America, yet despite repeated protests from the people affected, they were not as lucky as the shareholders of some of the big global banks and nobody came to their rescue or did anything to compensate them.

Falling commodity prices have caused the crisis to spread to many countries. In Uganda the local Social Watch coalition estimates that this might reverse recent social progress and make it impossible to achieve the Millennium Development Goals. Zambia suffers even more than Chile from the drop in copper prices, on which the country is highly dependent. The Zambian contribution to Social Watch rightly notes that: "Unlike the United States and other countries that have responded to the economic meltdown by providing financing to failing banks and major industries to try to keep them afloat, Zambian President Rupiah Banda does not have any resources to give out."

The report from Ghana comments on the same problem: "The question that citizens are trying to come to grips with is whether the country should focus on aid from the international community to cope with the economic fallout, or resort to harsh fiscal and monetary initiatives."

As Brazilian financial expert Fernando Cardim writes in his analysis for the local Social Watch report: "increasing income and tax revenues (…) is precisely what President Obama is trying to accomplish in the United States. It is also what the Managing Director of the International Monetary Fund (IMF), Dominique Strauss-Kahn, has defended repeatedly since 2007." Yet, "the Fund itself has resisted adopting this view, as demonstrated by the conditionalities imposed on the Central European countries that were bailed out by the IMF."

In the case of Romania, the national Social Watch report notes that "the IMF loan seems to have been contracted under external pressures, mainly to save foreign companies' interests in Romania. It will not serve to repay the country's foreign debt but will cover the debts of local subsidiaries of foreign banks. Public funds will thus be used to repair the damage done by private capital." Instead of reacting to local needs, the IMF went to Romania as a result of "desperate calls from the Austrian Government for EU and IMF intervention to rescue its banks in Eastern Europe." Austrian banks had lent the region an amount equivalent to 70% of Austria's GDP. Now, "the repayment of a loan that represents 40% of Romania's annual budget will only be possible over the next years through decreasing the population's standard of living."

In Hungary, an IMF bailout was needed to avoid total collapse of the economy, but it led to devaluation, tax increases, procyclical measures such as spending cuts and other unpopular measures. Prime Minister Ferenc Gyucsany was forced to resign in March 2009. The new Government plans to cut pensions, public sector bonuses and maternity support; to mortgage energy and transport subsidies; and to raise the age for retirement.

Similarly in Serbia, pressure by the IMF to decrease the state deficit led the Government to announce in March 2009 the introduction of a temporary "solidarity" salary and a pension tax of 6% for those who earned above USD 170. This created discontent among workers and pensioners while trade unions announced protests. They argued that the "solidarity" tax would hit the poorest, cause a reduction in salaries and increase unemployment and work in the informal sector, while the rich would remain untouched. Overnight, the whole savings plan was revoked. According to the Serbian Social Watch coalition, the Government "was caught between fear of social turbulence on one side and pressure from the IMF on the other, and the following weeks were marked by discordant voices from policy makers, who announced new packages of saving measures in the evening that were revoked the following morning." The menu of new ideas included reducing the number of ministries, increasing property taxes, taxing mobile phone bills and new car purchases, introducing a luxury car tax, banning new employment in the public sector, limiting business trips abroad and reducing working hours. Yet, the Serbian "watchers" note that if "the newly adopted Law on Confiscation of Property Gained by Crime, the State could collect USD 2.64 billion in one year, a sum equalling the one Serbia is asking for from the IMF."

In Bulgaria NGOs and trade unions also do not agree that reducing social expenditures is acceptable in times of crisis. "Any further reduction could shatter the country's social peace", warns the local Social Watch. Although NGO experts support the increase in the share of investment going to transport infrastructure, they are sharply critical of the Government's failure to use EU structural funds allocated to Bulgaria during its first two years of full membership. "Only 0.6% of the EUR 2.2 billion had been spent by the end of 2008. Lack of financial capacity, excessive bureaucracy and scarcely transparent procedures have all prevented the funds from reaching their intended beneficiaries."

Slowing down can be dramatic

When the financial crisis started, some economists put forward the "decoupling" hypothesis, according to which emerging economies would be relatively untouched by the global financial crisis owing to their substantial foreign exchange reserves, robust corporate balance sheets and relatively healthy banking sectors. Yet they felt the impact anyhow. As Social Watch-India observes, "the Government's initial prediction that the country would emerge unscathed, was shortsighted" and economic growth dropped from a healthy 9.3% in 2007 to 7.3% in 2008. For 2009, the IMF forecasts a growth of 4.5%. Similar drops from two digits growth figures to 5% occurred in Vietnam, Peru and Cambodia.

Five per cent growth can make finance ministers in OECD countries envious, since most of them are trying to emerge from negative growth (i.e., recession), but the departure point should not be ignored. Five per cent growth per year in low-income countries means an increase of less than a dime a day for the average person. But a few cents make enormous difference when you are poor. As Social Watch Cambodia points out for example, the reduction of the growth rate by one half means that "people living around Tonle Sap, the country's major lake, are especially vulnerable, since they had already gone into debt to make ends meet. Last year they had to sell productive assets and pull their children out of school to go to work."

Permanent crisis

The term "crisis" refers to a turning point, a decisive moment, an unstable time, yet for many of the reporting Social Watch coalitions, the crisis they are suffering is a matter of decades and did not start with the collapse of the financial markets. In the Central African Republic, poverty is seen as increasing and not diminishing since 1990, with political instability and violence damaging an already weak economy.

Eritrea is reported as having "a deep economic, social and political mess of its own making" before being hit by the global crisis, while in Nigeria most people "have been living for a long time in a situation of economic meltdown. Corruption is widespread, the country lacks electricity, education and health are in a deplorable condition, and the armed fight for the control of oil resources continues to be intense." In Yemen, the local Social Watch team sees lack of rights as being at the origin of crisis after crisis since 1990, with 42% of the population living below the poverty line and an even worse situation for women. In Burma there is a crisis in every area, whether the economy, politics, food or environment, with the Government showing itself to be unable to support its own citizens in the aftermath of a devastating cyclone and yet spending nearly half of its budget on the military.

In Nepal the crisis is expected to hit soon, adding its effects to "other crises, related to the environment, food, energy, finance and politics [that] have been buffeting the society for a long time." In Bangladesh, cyclone Sidr on top of two consecutive floods has shown the extreme vulnerability of millions of people threatened by climate change. A complete lack of governmental authority is at the root of problems in Somalia, while foreign occupation is the major concern in Palestine. Also contributing from a critical conflict situation, the Iraqi Social Watch decided this year to focus its report on the situation of women. Their findings have, however, universal value: "a culture of equality of access and opportunity is needed in addition to legislation."

Polarization

In March 2009, at the height of the crisis and the political debate on how to cut expenses in Serbia, an automobile fair was held in Belgrade. All the most expensive models were sold on opening day for a total of more than USD 2.6 million!

Polarization is being exacerbated everywhere by the crisis. The Social Watch report from Bahrain describes "increasing numbers of millionaires, and a shrinking middle class and impoverished lower class." The sense of unfairness, more than absolute poverty, has led to "repeated confrontations and tension between impoverished communities and security forces, especially in the villages, which is why the World Bank now ranks Bahrain low in political stability."

In Vietnam, frequently quoted as an example of a development model that lifted millions of people out of poverty, consumption by the richest 20% of the population accounts for 43.3% of total expenditure in the country, while the remaining 80% spends very modestly. Similar polarization is described by the Social Watch report for Honduras, where the confrontation between rich and poor is clearly at the root of the coup d'etat that deposed President Manuel Zelaya in June 2009, reviving a "regime change" practice that Latin America had seemed to have abandoned in favour of democratic methods two decades ago.

In neighbouring Costa Rica, a traditional haven of peace and constitutional stability in Central America, the local watchers warn that "if the challenges [of the crisis] are not dealt with on the basis of social dialogue and by means of a firm change of course, the persistence of traditional solutions (one-time cash handouts and cuts in public spending, as well as the reduction of rights) will doubtless lead to greater inequality and poverty and to the risk we have already pointed out of turning conjunctural poverty due to the loss of income, into structural poverty, and increasing violence against women, children and the elderly."

The game of the ostrich

"In Kenya the Government is in denial", – write the local watchers – "playing the game of the ostrich, burying its head in the sand. The governing elite argues that the crisis is circumstantial and that the national economy is sheltered enough by its weak ties with international capital."

Similar denials are reported from many countries. In the case of Moldova, Social Watch found out that before the elections in April 2009, the Government vehemently denied the crisis would affect the country and tried to artificially maintain the economic situation. The World Bank was not so optimistic, and included Moldova among the developing countries with the highest level of vulnerability. After the elections, however, President Voronin declared in a meeting with businesspersons, members of the acting Government, congresspersons and politicians that "'the crisis is a fire, a catastrophe.' Government officials explained that the downplaying of the crisis before the elections has been aimed at not 'creating panic.'"

In other situations, not only did incumbent politicians downplay the importance of the crisis, but leaders of social organizations have adopted the same approach, afraid that the fear of a catastrophe might lead decision-makers to accept opportunistic demands by the already privileged. Social Watch Bolivia reports that "Bolivian entrepreneurs are part of this trend, responding to the severe global downturn through unequal negotiations that shift the burden of the crisis onto the shoulders of their workers through layoffs and reductions in benefits and wages."

In Slovenia, the local watchers also detected employers abusing the fear of the crisis to restructure workers' rights. In Guatemala, the Government measures aimed at confronting the food crisis, such as zero tariff import quotas, result in benefits for one group but not to the consumers.

From Paraguay, the local Social Watch coalition reports that the first sectors to demand additional support "were those that had benefited from the prior Government's neoliberal policies and market integration: agro-exporters, industrialists, importers and advertising executives. (…) The soy producers, for example, insisted that the Government not only to cover their losses, but also provide enough funding to maintain their level of production and profit through public subsidies. They earned extraordinary profits in the previous cycle, thanks in part to speculation in the futures market for agricultural commodities that accompanied the promotion of biofuels in many countries."

In Poland "the public believes that banks are manipulating the exchange rates at the clients' cost. At present the difference between the purchase and the selling rate can reach as much as 12%,[2] while even the Office of Competition and Consumer Protection is unable to impose exchange rate restrictions. Consumer groups are therefore forming through the Internet in order to purchase foreign currencies in wholesale quantities, hoping to negotiate the amount of spread and sometimes even renegotiate terms and conditions of credit agreements."

After having attended a seminar organized by Third World Network on Asian responses to the crisis, Social Watch advocacy coordinator Natalia Cardona wrote that there seems to be "an atmosphere of defensiveness among governments in the region. Rather than a proactive and new approach to changing the international financial system they are relying on old policy to try to deal with new and worsening economic problems."

Social Watch Argentina finds the Government to be similarly unprepared for the magnitude of the challenges posed by the crisis, while the Brazilian coalition believes its leaders are "confusing the inability to act with financial and fiscal prudence." In times of recession, "tax revenues go down while social security spending rises. Fiscal deficits then rise precisely because governments were not bold enough to act against the contraction of the economy. Paradoxically, the attempt to look prudent

2 Online survey by Money.pl. Available from: <www.money.pl/banki/wiadomosci/artykul/ciezki;los;posiadaczy;kredytow;banki;uderzaja;spreadem,207,0,383183.html>.

puts a country in an even worse fiscal position than would be the case if its Government had acted decisively to support demand."

Supporting the already privileged

Further, not all attempts to stimulate the economy are successful, or even fair. The Canadian watchers believe that their Government's "short-sighted economic stimulus plan that does not meet the needs of the thousands of citizens feeling the brunt of the crisis. Jobs being created by Government investments are in male-dominated industries, while women are over-represented in part-time and precarious work and are often the first to be laid off."

Those are almost the same words used by the Thai Social Watch report: "One of the most controversial measures was the one-time THB 2,000 (USD 57) cash handouts to government and private-sector employees earning less than THB 14,000 (USD 397) per month. Even those eligible for the fund criticized the policy as blatant populism as opposed to a meaningful stimulus. For example, by far the most workers in this category are working in the informal sector, and are thus ineligible; this also raises the issue of gender discrimination, since the vast majority of women are working in the informal economy."

While Western economies inject massive new bailout funds into their financial institutions, and in some cases re-nationalize their banks, the parliament in Kenya, according to the local Social Watch coalition, is legislating the privatization of the few remaining strategic public assets in order to provide a one-time government revenue injection. Among the organizations set for privatization are the Kenya Electricity Generation Company; the Kenya Pipeline Company; the state-owned sugar industries, hotels, banks and others.

In Lebanon, both the Prime Minister and Minister of Finance have acknowledged the negative impacts expected from the global crisis and the need to protect the national economy. However, the analysis by the local Social Watch concludes that measures they are implementing speed up the procedures needed for the country to join the World Trade Organization, which will mean liberalizing services and productive sectors of the economy.

Similarly, in Thailand "to complement its stimulus plan, the Government is also working on a major overhaul of the regulatory structure for financial markets. However, contrary to many other countries that are establishing greater safeguards to protect consumers and their economies, Thailand is moving towards wholesale deregulation and liberalization to increase the role of the capital market in developing the economy." The Thai watchers fear that "this initiative, led by many of the same people involved in the 1997 financial crisis looking exclusively for short term gains, will pave the way for a new crisis as soon as the country is again on its feet."

In Malaysia, which relies heavily on exports for economic growth and imports most of its food, socialwatchers report that the country "will have to brace for years of economic difficulties. There is a sharp fall in industrial production, the unemployment rate is soaring and analysts warn that the coming recession could be worse than that of 1997. The Government has been criticized for acting too late and for focusing on bailing out companies. Civil society organizations are holding protests and public fora to raise public awareness of the negative impacts of these crises, especially on the vulnerable groups in society."

This is quite the opposite of the policies being implemented in Venezuela, where poverty reduction is explicitly sought through massive government spending, even when the policies are not always as transparent as the local "watchers" would like.

Algeria, on the other hand, seems to have learned some lessons from the crisis. In September 2008 Sid Saïd, a leader of the General Union of Algerian Workers, announced that the Government had abandoned its "everything can be privatized" policy. The local Social Watch report estimates that "220 public enterprises awaiting privatization as soon as new regulatory measures were implemented were cut from the list of companies to be sold. In addition, the Government's inter-ministerial council applied in January 2008 on bank credit and financial clean-up of public economic institutions by erasing the debts owed them by viable companies. The Government has given responsibility for supervising these clean-up measures to an inter-ministerial working group for the finance industry and investment promotion among small and medium enterprises."

Invest in the people

Many citizens from around the world can share the conclusion of the Peruvian watchers: "When times are good, workers are typically asked to wait patiently for the benefits of growth; in times of crisis, they are expected to tighten their belts." But this is not fair and, economists now realize, does not even work. Stimulus packages that have relied on cutting taxes to the rich and subsidizing big banks and corporations have not produced the desired results. Anticipating a prolonged recession, the rich and the middle classes tend to save any additional money, instead of spending it, while banks have used stimulus money to rebuild their assets instead of lending it.

But when funds are channelled to the poor it is spent immediately. Not because they have a better understanding of their role in contributing to the recovery of global economy, but just because they do not have a choice.

All around the world, civil society organizations are demanding similar things in different ways. In Morocco, as reported by the local Social Watch coalition, "there have been several sectoral strikes (education, health, local communities, etc.) and a general strike as well. Amongst other particularly dynamic social movements, it should be mentioned the various struggles fostered by the Coordinating Committee against the High Cost of Living, as well as by the National Associations of Unemployed Professionals. Several collective action strategies have been deployed, such as sit-ins, spontaneous popular marches and national mobilization days against poverty. Demands make reference to halting the increase of prices, sustaining the Compensations Fund, applying a mobile salary scale, bringing public services up to standard, stopping the privatization of water and electricity distribution, and claiming the right to work in the civil service."

In the United States, where the crisis started, and where the number of unemployed has risen to 13.1 million – 5.6 million more than at the start of the recession, the Republican Party was "punished" by the electorate that elected Brack Obama on a platform of hope and change. Now, according to the American Social Watch report "movements for human rights, green jobs, fair trade, healthcare and housing are advancing proposals and stepping up demands for real and structural change. The U.S. cannot afford to squander this opportunity for real change."

In Ghana, Social Watch demands support for women farmers "in the form of investments in inputs, such as fertilizers, and also in training and access to markets. These would boost agriculture while contributing to job creation, economic growth, and the well-being of the population." A similar demand comes from Senegal, the most food-import dependent country in West Africa. Where civil society proposes "returning to traditional agriculture, duly encouraged and supported by the State."

Real wage increase should be the stimulus, concludes Social Watch in Bulgaria. And in the Philippines, "A stimulus package is definitely in order but, unlike the one outlined by the Government, it should be based on a clear national strategy that is rights-based, pro-poor and sustainable that aims to strengthen domestic demand, especially in light of the current economic climate that is hostile to exports. It should place a premium on food security, on job creation by strengthening local enterprises to benefit both male and female workers, and on investment in pro-poor and green infrastructure projects (e.g., construction of a network of irrigation systems, electrification of far-flung villages and developing clean energy) as well as expansion of social and economic security for the poor and unemployed. (...) Finally, renegotiation of the national debt so that the bulk of the country's revenues go to urgently meeting the basic needs of the people rather than to service the debt requires serious consideration."

In Thailand, Social Watch advocates for a wide alliance similar to the one that led to the "People's constitution" of 1997, in the aftermath of the South East Asian financial crisis. In Peru watchers emphasize that "counteracting the damage caused by this crisis requires boosting domestic demand by increasing workers' consumption and protecting national production, as well as suspending free trade agreements (FTAs) that leave the Peruvian market far too open at a time of shrinking international markets." The Mexican Social Watch coalition also wants a revision of the North American Free Trade Agreement: "the National Movement for Food and Energy Autonomy, Workers' Rights and Democratic Freedom – in a letter dated 16 April 2009 addressed to Barack Obama, the President of the United States – suggested initiating a dialogue at the highest level on items such as the urgent renegotiation of NAFTA and the safeguarding of labour, social and human rights in the region. This would include establishing an Asymmetrical Compensation Fund for North America, negotiating a bi-national agreement regarding immigration, and the signature of an agreement in order to promote the Treaty for the Economic and Social Development of North America."

In response to the crisis, more and more account holders in Italy are entering the world of ethical finance. "The ethical finance client cares about how his own money is used, but also about his bank going bankrupt. Many banks today are thus multiplying their efforts to improve their reputations. Returning to the original mandate of the banking system to sustain the real economy has to be a constant reference for finding a way out of the crisis", argue the Italian watchers. Their conclusion has validity everywhere: "The key words should be fighting poverty and redistributing resources." ■

Peoples' Voices on the Crisis*

Panel on Indigenous Rights.

On June 20 2009, at the Church of the Holy Trinity in New York, the "Peoples' Voices on the Crisis" initiative brought together activists from over 30 civil society organizations, trade unions and grassroots groups on a local, national and international level to discuss the social and environmental consequences of the financial and economic crisis for working and unemployed women and men all over the world. At the event, advocates for social, economic, gender, labor and environmental rights offered testimonials on how the crisis is impacting local communities from Sudan to San Salvador to the South Bronx.

This forum was also an opportunity for civil society leaders to share ideas and experiences on how to construct a global movement with local roots that can push for a new economic system based on human rights and environmental sustainability.

"Peoples´ Voices on the Crisis" was held in the context of the landmark UN Conference on the Financial and Economic Crisis and its Impacts on Development, which was the first truly multilateral forum to address the social impacts of the current financial meltdown. The keynote speaker of the "Peoples´ Voices" event was Father Miguel D´Escoto Brockmann, President of the 63rd Session of the UN General Assembly, who welcomed civil society's support for the solutions to the crisis taking shape in the heart of the UN, and exhorted the participants to "inject a new spirit of responsibility and solidarity" with the people who are being disproportionately impacted by the crisis. The event concluded with a call by Social Watch Coordinator Roberto Bissio to advocate for reforms to the current global financial architecture that would help lift people out of poverty, instead of reinforcing current economic and social inequalities both within and across borders.

In the following pages you can read key interventions from participants in this activity, together with some testimonials of the impact of the crisis in ordinary people the Social Watch network gathered in countries of the South. ■

Miguel D´Escoto Brockmann at the Peoples' Voices event.

* "Peoples´ Voices on the Crisis" endorsing organizations: Social Watch, Eurostep, LDC Watch, Institute for Policy Studies, Global Policy Forum, Center of Concern, ESCR-Net, Institute for Agriculture and Trade Policy, Global-Local Links Project, Jubilee USA Network, Jubilee South, GCAP Feminist Task Force, Alliance for Responsible Trade, Women's Environment and Development Organization, International Council for Adult Education, UN Non-Governmental Liaison Service, Global Action on Aging, Latindadd, US Human Rights Network, CONGO Social Development Committee, Sub-Committee on the Eradication of Poverty, Hemispheric Social Alliance, Womens' Working Group on Financing for Development, Medical Mission Sisters International, World Federation of United Nations Associations, International Youth and Student Movement for the United Nations, Enlazando Alternativas, Transnational Institute, Our World Is Not For Sale Network
Video clips from "Peoples´ Voices on the Crisis" are available at the Social Watch YouTube channel: <www.youtube.com/SocWatch>.

“The financial crisis has definitely affected Benin. Today many households can only afford just one meal a day. Forced marriages have increased, as a way for families to sell their girls and to cope with the crisis. It has set back advances made to stop violence against women. Gender-based impacts of the crisis are on the rise, for example, girls' enrollment in schools and their presence in the formal job market is decreasing. Women are the first to lose their jobs, and are often left to care for their families without any social assistance.”

Sonon Blanche *(Social Watch Benín)*

“The Bulgarian Government only admitted that Bulgaria was being affected by the crisis in February of this year. As of now, 44,000 people have lost their jobs due to the crisis, 96% of them being women. Many of the affected industries – such as the garment, shoe, food service, and the public administration – are feminized. The crisis is also having an impact in violence against women. Usually there is an average of 17-19 cases per year presented to the court in my city; this year we have seen 42 cases so far. In many cases men are abandoning their women and children when she have been fired, so these families now have to survive on EUR 50 or less per month they receive as unemployment insurance. Many of the women interviewed had been sexually harassed in the work place, and had suffered problems finding work in the formal sector.”

Milena Kadieva *(Gender Research Foundation, Bulgaria)*

“Sixty nine per cent of Sudanese are living under the line of poverty, especially women working in the agricultural sector. In recent years, health services have improved, but the poor are still suffering, due to the increase in food prices. The Sudanese civil society reclaims more financing for development, but from a multidimensional – not just economic – perspective. Development must be strategic, involving the participation of women at the grassroots level.”

Niemat Kuku (Gender Research and Training Center, Sudan)

“African-American people and indigenous peoples have a common history of exploitation and conquest, and are disproportionately suffering the impacts of the crisis. Our current American Empire was built on the so-called *American dream*, but we see that stolen land and stolen labor was also used to construct this country, the wealthiest the world has ever known. From the outset, financial institutions aided and abetted profiteers seeking to build empire by any means necessary. We must reject the *neoliberal theology* and construct more progressive theological theories.”

Jean Rice *(Picture the Homeless, New York)*

“In Peru, we cannot speak of rights when something so awful has just happened in the Amazon. What kind of rights can we talk about, when the Government of Peru is violating the treaties they signed? The indigenous peoples know how to work with the jungle and preserve it through valuing it, and these concepts are transmitted from generation to generation. This is disrupted when transnational companies come to exploit and destroy this delicate balance, turning the jungle into concrete. The Amazon was recently declared the world's lungs. What would it be like for it to be filled with skyscrapers? When we say no to the transnational companies, a fight ensues. This battle taking place today in Peru, will happen tomorrow in Africa and Asia.”

Washington Bolivar *(Peruvian indigenous leader)*

“The United States labor laws are not up to the ILO standards. We must recover the ability of workers to organize in this country and democratic legislature needs to be passed at the congressional level to bring power back to the labor movement. With the financial crisis people shop less and pay fewer sales taxes, so there have been massive job cuts in both the public and private sectors. Many unions have opened their contracts and renegotiated to cut salary levels. For example, the United Auto Workers opened their contracts and gave back a lot, but still experienced serious layoffs. Decisions regarding the economy should not be made according to the interests of a select group of people who own the corporations, but instead take into consideration workers' needs.”

Jose Schiffino *(NYC Labor Council for Latin American Advancement)*

“The fundamental human right to education has been impacted by the crisis, especially for young girls who are not sent to school as a result. It is important to remember that education is an enforceable human right, not limited by age or gender and must be accessible to all. States should take affirmative and positive action to overcome inequality in education. Statistics show there are still millions of illiterate people - two thirds of them women. How can we have information technologies and computers, yet still have illiterate people? Besides being a human right, from an economic perspective, investment in education contributes to economic growth. Currently IMF conditionalities require countries to freeze investment in education, and this should be challenged. ESCR, especially education, should be at the center of any development paradigm.”

Marcela Ballara *(International Council on Adult Education, Chile)*

“In Colombia, there are about 84 indigenous tribes with 64 distinct languages, who live in the border regions of Colombia with Venezuela, Peru, and Brazil, precisely where the most precious reserves of natural resources are located. We fight for the defense of our territory and the preservation of our culture. Due to this fight, since the 1970s, more than 1,400 of our leaders have been killed. Right now, many indigenous regions are militarized and where they aren’t militarized, there are paramilitary forces present. The Government is trying to displace our communities so they can negotiate with transnational companies to exploit the natural resources, such as timber and oil, in these areas. Indigenous peoples in Colombia are opposed to free trade agreements, because these treaties cause greater displacement of our communities and instead of opening markets, only increase the frontier of US power.”

Jesús Avirama *(Regional Indigenous Council of Cauca, Colombia)*

“The current crisis is global, so policies to end it must also be global but linked with local movements. We believe that stimulus packages should be invested in things like green infrastructure and social infrastructure, which would allow for the creation of green jobs, an acknowledgement of the disproportionate impacts of the crisis for women workers, and the recovery of the care economy. These kind of policies are spelled out in the ILO Global Jobs Pact. The UN is the only place for the countries bearing the brunt of the crisis to have a representative voice. The labor movement is working within the framework of the UN and trying to bring in the Decent Work and Green Jobs Agenda. It is not just a question of increasing development aid and being a bit more generous – as some industrialized countries would like to assert. There is a need for social transformation. Multilateral institutions need to be systemically reformed and we need specific mechanisms to ensure that we have enduring solutions to the financial and economic crisis.”

Gemma Adaba *(International Trade Union Confederation)*

“In Kenia we began to see impacts of the crisis late in 2008: reduced tourism followed by unemployment. Many Kenyans also rely on remittances from the U.S., which fell sharply. Due to the crisis, more families can not afford to send their children to school, and foreign investors are moving projects out of the country. Much of the land is going fallow and there were water shortages during the past year. All these factors, combined with the high levels of income inequality and corruption that were already present, are a recipe for disaster for Kenya’s people and economy.”

Edward Oyugi *(SODNET, Kenya)*

“ We are seeing that older workers are staying in the workforce, even if their legs hurt or if they have arthritis, since they cannot afford to retire. Many older workers have borrowed money on their homes and are losing them to foreclosures because they cannot pay high interest rates. And another group of older workers are supporting their adult children or grandchildren who have been laid off. The attack on pensions is a global phenomenon. To address this problem, the UN must begin very soon to work on an HR convention to address the needs of the oldest citizens, so that in the future people do not have to fear old age.””

Suzanne Paul *(Global Action on Aging, New York)*

“ The impacts of the crisis are evident in the massive lay-offs taking place in foreign banks such as the BBVA, Santander, and HSBC. Our rights as workers have been taken away. Debtors are also feeling the impacts, it's already happening. They are being evicted because for different reasons they cannot pay anymore. What is worse, especial military forces of the state are being used to carry out the evictions; those forces are there for the security of all, not to throw poor people in the streets because they cannot pay.”

Janio Romero *(union leader of the Unión Nacional de Empleados Bancarios, Colombia)*

“ Three million people in New York are food insecure and the purchasing of cheap unhealthy food has risen since the financial crisis in 2008. Many neighborhoods in Brooklyn and the Bronx have few supermarkets with fresh food. One solution to this problem is Community Supported Agriculture, which brings together family farms, which produce organic agriculture with the consumers, thus helping to increase inner-city access to healthy food.”

Nadia Johnson *(WEDO and Just Food, New York)*

“ This crisis is not just a financial crisis but a systemic crisis. The response to it must be based on human rights and solidarity; this is what we are trying to push for in Bolivia. We must return to Mother Earth – what our indigenous communities call the Pachamama – in order to renew our society. As part of this renewal, Bolivia and Ecuador are working to construct a new financial architecture. They are no longer participating in the international dispute-mechanism tribunals such as the International Centre for the Settlement of Investment Disputes that are used by the rich countries to punish the poorer ones.”

Elysabeth Peredo *(Hemispheric Social Alliance and Fundación Solon, Bolivia)*

“ We should form an international watchdog coalition to monitor what is going on with the stimulus packages, and be able to have rapid responses if governments do not use this money properly. Rights based approaches to trade and finance must be constructed in order to end the crisis, above all by reconstructing safety nets in the North and South. We don't want to just “tweak” the economic model in order to fix it, but instead to reconstruct it completely. In order to advocate for this, political moments such as the UN Conference and the World Social Forum must be taken advantage of, in order to bring people and social movements together at this critical time.”

Tanya Dawkins *(Global-Local Links Project, Miami)*

“ In El Salvador, we have been facing for years now the impact of climate change, suffering floods and droughts, hurricanes, the drying of major rivers, the collapse of communities. Each year the material costs are high, and so is the loss of human lives and the emigration of our people, especially the youth. We must work for a new era in which development is measured by the well-being of humanity and that of Mother Earth, and not just by material wealth.”

Marta Benavides *(GCAP Feminist Task Force, El Salvador)*

“ When we look at the welfare state and social protection systems the capacity of the EU Member States to address the rising demand for social security varies greatly. Thus in some cases we have increased social and unemployment benefits, extension of coverage for unemployment as well as social benefits, tax rebates or exemptions for specific groups including pensioners. On the other hand, other States are cutting back benefits. Hungary is reducing subsidies and private sector wages, as well as cancelling pension expenditure plans, and Finland is also expecting a reduction in social service spending. To offset the effect on the labor market, some countries also try to pursue active employment policies by maintaining workers through flex time, but despite these efforts the effects are still very drastic.”

Verena Winkler *(Eurostep, Belgium)*

“ While industrialized Northern countries are mainly responsible for greenhouse gas emissions causing climate change especially in per capita terms, countries of the South, and the poor and women in particular, will bear a bigger burden of the adverse environmental effects of climate change and its socio-economic impacts. Some of these effects are the displacement of people living in low-lying coastal areas; the loss of sources of livelihood; food insecurity; and reduced access to water. From an ecological debt perspective, rich, industrialized countries do not only have the responsibility of drastically cutting greenhouse gas emissions down, but they also have an ethical and moral obligation to provide compensatory and reparative finance to developing countries to fund climate change mitigation and adaptation efforts.”

Athena Peralta *(World Council of Churches)*

“ I began working with a major Spanish advertising and film producing company, which opened a division here in Argentina in 2007. When the crisis broke in earnest, everything started to get complicated. Work decreased a lot, and we spent up to a month without filming. In January they told me that they had to fire me. I received the severance pay and started looking for work. Since then up until today, I haven’t been able to find any decent job. What little work exists is practically slave labour: 8 or 9 hours, with very poor salaries. I have almost spent all my savings and I live alone in a rented flat, so I need to get something urgently. What else am I going to do?”

Young woman from Buenos Aires

NATIONAL REPORT

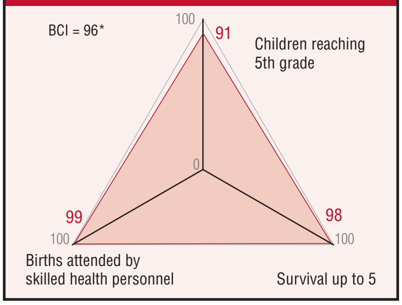
ROMANIA

Dire prospects

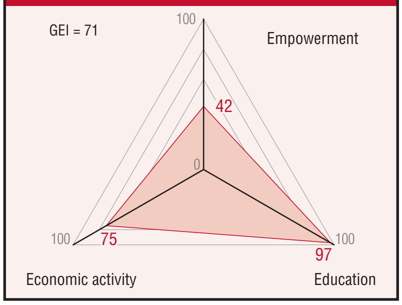
A decline in exports has triggered bankruptcies, and a contraction in activities and unemployment is on the rise in Romania. Remittances, representing 5% of GNI, dropped 10% at the beginning of 2009. The privatization and sale of national banks over the last few years has led to the country and its citizens to become indebted to Western banks. A recent multi-billion loan from the IMF seems designed mainly to benefit these foreign financial institutions. Among the casualties of the crisis is aid for development: the entire Romanian development cooperation policy is in danger of disappearing.

Fundatia pentru Dezvoltarea Societatii Civile (Civil Society Development Foundation)
Valentin Burada

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Like its neighbours from the former Soviet bloc, Romania is caught in the turmoil of the global financial and economic crisis. The country had enjoyed an economic boom in the past few years, fuelled in part by heavy borrowing from Western banks and easy access to foreign loans. Currently, however, there is a credit crunch, the national currency is unstable, and the situation looks dire.

State budget, remittances and unemployment

Romania is dependent on falling EU markets. Exports have decreased by 25% and capital flows are reversing direction. January 2009 alone saw repatriations worth EUR 539 million. The decrease in exports has led to rising unemployment, bankruptcies and a contraction in companies' activities. Some 500,000 people (5.7%) were unemployed in April 2009, almost half of them women, compared to 3.9% in April 2008. In May 2009, the European Commission estimated that unemployment would rise to 8%. Each percentage point means an additional 100,000 unemployed.

Although the average net monthly salary was EUR 327 in March 2009, an increase of 17.6% compared to March 2008 according to the National Statistics Institute, this is less impressive than in the first months of 2008, when there were raises of more than 30%.[1] It is expected that the crisis will cause the increases to slow further and even reverse. The Government has announced that budgetary salaries will be frozen, which means less purchasing power. In a national television interview in April 2009, the Prime Minister, Emil Bloc, recognized that there was a real danger that the Government would not be able to pay state salaries and pensions. In addition, as traditional export markets for food producers have contracted, Romanian farmers also find themselves threatened at home by subsidized agricultural and food product imports from other EU member states looking to reorient their exports.

Budgetary revenues began to go down in the last quarter of 2008, a trend that has continued in 2009 – with 8.7% less in January than the same period in 2008 – and is likely to worsen. The largest decrease was in taxes on profits (-30.7%). Taxes on earnings and salaries brought in almost 20% more than the same period in 2008. Funds collected through VAT, which remains the main source for the budget, dropped 8% and are likely to drop further.

In response, new and higher taxes as well as increases in social contributions have been proposed. In March 2009, the Government announced an increase in contributions to health insurance funds of around 1% for both employees and employers, explaining that higher unemployment would lead to fewer contributions. Previously, the mandatory contribution had been 5.2% for employees and 5.5% for employers. Business representatives believe that this measure will further increase unemployment since companies will continue to cut costs and operate with fewer employees.

In February 2009, the Government announced that companies hiring unemployed persons, sole supporters of families or persons over 50 years old would receive subsidies for a period of up to 12 months in order to cover half the salaries of their new employees. The subsidies would also support employment of Roma and of those who, because of lack of education or skills, do not have a fair chance in the labour market. For people unemployed for more than two years, the subsidies would cover 75% of their salary for 24 months. The scheme, worth a total of EUR 133 million, is 85% funded by the European Commission. Of this, EUR 29 million is allocated for employment in the rural areas.[2] In March 2009, the Government also decided to extend the period of unemployment benefits by three months, while employers and employees will be exempted for three months from paying social insurance contributions during temporary suspension of activities.[3]

According to data from the National Bank of Romania, citizens working abroad sent home EUR 8.7 billion in 2008 (up from 7 billion in 2007).[4] This was almost as much as total foreign direct investment (a record EUR 9 billion) and represents 5% of GNI.[5] A study released by the World Bank ranks Romania 8th among developing countries in terms of migrant remittances.[6]However, at the beginning of 2009, the level of remittances dropped 10% compared with the same period in 2008. Italy and Spain, the two countries that are the source of 90% of total remittances, both face serious economic problems and high rates of unemployment. Some 800,000 Romanians were

* "Children reaching…" estimated following procedure in page IV.

1 National Statistics Institute. Available from: <www.insse.ro/cms/rw/pages/index.ro.do>.

2 Fonduri Structurale.ro. Available from: <www.fonduri-structurale.ro/detaliu.aspx?t=Stiri&eID=4128&AspxAutoDetectCookieSupport=1>.

3 Press conference of the Prime-Minister of Romania, 5 Februray 2009. Available frrom: <www.gov.ro/conferinta-de-presa-sustinuta-de-premierul-emil-boc-la-finalul-sedintei-de-guvern__l1a104257.html>. See also: "Guvernul a prelungit ajutorul de şomaj cu trei luni şi acordc scutire la CAS dacă firma îşi „îngheaţă" temporar activitatea", in Gandul, 19 March 2009, available from <www.gandul.info/actualitatea/guvernul-a-prelungit-ajutorul-de-somaj-cu-trei-luni-si-acorda-scutire-la-cas-daca-firma-isi-ingheata-temporar-activitatea.html?3927;4061408>.

4 "Banii trimişi de căpşunari, mai puţini cu 1,5 milioane euro pe zi" in Gandul, 6 April 2009. Available from: <www.gandul.info/economia/banii-trimisi-de-capsunari-mai-putini-cu-1-5-milioane-euro-pe-zi.html?3936;4160396>.

5 "Investitiile straine directe au incheiat 2008 in scadere" in Standard, 13 February 2009. Available from: <standard.money.ro/articol_80733/investitiile_straine_directe_au_incheiat_2008_in_scadere.html>.

6 People Move, a blog about migration. Available from: <peoplemove.worldbank.org/en/content/remittance-flows-to-developing-countries>.

working in Spain, mainly in the hardest hit sectors (services, industry and construction). In November 2008, Spanish authorities announced that 100,000 Romanians were unemployed, with 30,000 more expected to lose their jobs by 2009.[7]

In November 2008, the Romanian Minister of Labour and Social Affairs stated that in 2009 Romania could absorb up to 500,000 workers returning from abroad, as there was a shortage of labour for infrastructure projects and in the agricultural sector. However, these comments were basically meant to soothe Italian and Spanish Governments' concerns that Romanian workers would become a burden on their countries' already overstretched unemployment benefit schemes, rather than being an expression of real possibilities.[8] Still, according to an opinion poll produced by the Soros Foundation in September 2008, only 14% of Romanians working in Spain intended to go home in 2009. [9]

Foreign banks, the IMF and the people

Virtually all Romanian banks have been privatized over the last few years and sold to foreign banks. Until the beginning of the financial crisis, foreign banks made huge profits on a market in full and rapid expansion. In 2008, BCR (Este Group/Austria) reported an increase in net profit of 119.8%, BRD Société Générale (France) registered an increase of 46%, and Raiffeisen Bank (Austria) increased its profit by 75.6% compared to 2007. The net profit of just these three, the largest banks in Romania, totalled more than EUR 1 billion.

At the beginning of the financial crisis, the Romanian National Bank intervened in an attempt to calm down the lending extravaganza triggered by the competition, imposing a series of restrictions aimed at preventing defaults. However, the level of indebtedness increased sharply. This has led to a scenario in which, just as in most of Central and Eastern Europe, Romanian debts are owed to Western European banks, especially from Austria, France, Greece and Italy. Without any consideration for the potential negative impact of their actions, the banks fuelled a consumption trend based not on actual production by the local real economy but on an increase in imports from Western Europe. Basically, with money borrowed from Western Europe, these banks have supported their own national economies by putting Romania and its citizens in debt.[10]

This situation is aggravated by the fact that Western European governments have been putting pressure on their banks to pull back, undercutting subsidiaries in Eastern Europe. The European Bank for Reconstruction and Development (EBRD) expects defaults of up to 20% on Eastern European loans, with Romania among those especially hard hit. The decision makers in Bucharest are constrained in their fiscal policy choices by the fact that belt-tightening is required to correct the negative values of the balance of payments. At the same time, a weakening of the national currency could potentially trigger defaults, thereby shaking financial stability. In order to counter these dangers, the Government asked for and received a loan of EUR 19.95 billion from the IMF, the European Commission, the World Bank and the EBRD. Of the total loan, the IMF will provide EUR 12.95 billion.

The Government insists that the loan will be linked to the commitment of foreign banks in Romania to resume credit without externalizing the resources in the country or affecting the national budget obligations for education and health. At the end of March 2008, the IMF obtained written commitments from the head offices of the main bank subsidiaries in Romania that they would continue to support these branches and would not withdraw capital. However the Government has a poor record of withstanding foreign pressure. It also lacks the means to circumvent foreign "solutions" to national problems. Both the Government and civil society, with few exceptions, have been slow to react and expose the real stakes. The austerity measures proposed by the Government, including freezing public wages and pensions and tax hikes, have provoked discontent and mobilization by trade unions.

The IMF loan seems to have been contracted under external pressures, mainly to save foreign companies' interests in Romania. It will not serve to repay the country's foreign debt but will cover the debts of local subsidiaries of foreign banks. Public funds will thus be used to repair the damage done by private capital. The governments of Western Europe have generally been able to manage this damage. However the desperate calls from the Austrian Government for EU and IMF intervention to rescue its banks in Eastern Europe prove that foreign banks are sometimes dangerously overexposed (e.g., Austrian banks have lent the region an amount equivalent to 70% of Austria's GDP). The repayment of a loan that represents 40% of Romania's annual budget will only be possible over the next years through decreasing the population's standard of living.

Crisis in development assistance

In 2007, when joining the EU, Romania pledged to contribute as a donor country to alleviating poverty in the world by participating in the EU aid policy and by configuring its own official development assistance (ODA) policy. The current financial crisis is likely to have a dramatic impact on Romanian aid flows. The ODA budget managed by the Ministry of Foreign Affairs (MFA) was cut from EUR 5 million in 2008 to EUR 1.9 million in 2009. Meanwhile, the multibillion loan from the IMF has already imposed budgetary constraints for "non-essential" areas, and repaying the loan (by 2015) will affect the ODA budget for many years to come. Even though multilateral ODA contributions will remain at a relative constant level, it is very unlikely that the 0.17% ODA target to which the Government committed will be achieved by 2015.

The Romanian NGO platform for development (FOND) has warned that the entire Romanian development cooperation policy is in danger of disappearing.[11] Crucially, all previous investment in the newly developed institutional capacity for the MFA is being affected. The Government has addressed the majority of its internal capacity development needs through out-sourcing specific tasks to UNDP Romania. CSOs are concerned that, by doing this, the Government is missing its main short-term objective: strengthening national capacity.

A clear signal of the impacts of this approach was the change in the internal administrative structure of the MFA at the beginning of 2009. While important financial resources were allocated by the Government to UNDP Romania to hire experts, the Development Assistance unit within the MFA was downgraded and its staff was halved, with a subsequent decline in capacity for programming and managing development assistance. Although budgetary cuts in times of crisis are understandable, destroying administrative capacity in public institutions is not acceptable as it has long-term implications. UNDP representatives should understand that by diverting resources and delaying empowerment processes, they risk harming the emerging local development cooperation actors in Romania. ■

7 "Spania: 100,000 de someri romani" in Standard, 27 November 2008. Available from: <standard.money.ro/articol_70748/spania__100_000_de_someri_romani.html>.

8 "Ministrul Muncii: Romania poate absorbi pana la 500.000 de persoane venite din Spania si Italia", in 9AM News, 10 November 2009. Available from: <www.9am.ro/stiri-revista-presei/Business/Economie/110045/Ministrul-Muncii-Romania-poate-absorbi-pana-la-500-000-de-persoane-venite-din-Spania-si-Italia.html>.

9 "Criza întoarce acasă jumătate dintre românii din Spania" in Gandul, 28 November 2008. Available at <www.gandul.info/actualitatea/criza-intoarce-acasa-jumatate-dintre-romanii-din-spania.html?3927;3566798>. More information on the situation of Romanian migrants in Spain the Soros Foundation Romania. Available from: <www.osf.ro/ro/publicatii.php?cat=15#>.

10 An excellent series of analysis on this topic has been published by Prof. Ilie Serbanescu in Revista 22. See for instance "Acordul cu FMI: Corectitudinea politică şi capitalismul călcate în picioare", in Revista 22, 21 April 2009. Available from: <www.revista22.ro/articol-5964.html> or "Acordul cu FMI–Ar fi de râs, dacă n-ar fi de plâns!" in Revista 22, 7 April 2009. Available from: <www.revista22.ro/articol-5887.html>.

11 "De ce are nevoie Romania de o politica de cooperare pentru Dezvoltare?", available on FOND's web page at <www.fondromania.org/pagini/de-ce-are-nevoie-romania-de-o-politica-c.php>.

Basic Capabilities Index (BCI) and Gender Equity Index (GEI)

BCI

The Basic Capabilities Index (BCI) is an index-summary developed by Social Watch[1] that compares and classifies countries in accordance with their progress in social development. This is a useful tool for monitoring the evolution of basic indicators and to make comparisons between and within countries. The BCI evaluates society in different countries as regards some basic minimum capabilities that are the essential starting conditions to enable people to have an adequate quality of life.

The index uses three indicators to identify situations of poverty: survival until the age of 5, the percentage of children who reach the 5th grade at school and the percentage of births attended by skilled health personnel. These indicators express different dimensions that are included in internationally agreed development goals (education, infant health and reproductive health).

Unlike other poverty indicators, such as those used by the World Bank (which consider the number of people living on less than one or two dollars per day) or the classification developed by the UNDP based on the Human Development Index (which combines income figures with health and education indicators) the BCI is based on the latest information available for each country and is easier to construct. It can be applied on the sub-national and municipal levels and does not depend on costly household surveys, which indexes based on income require.

The BCI does not use income as an indicator. It employs a definition of poverty which considers the level of development of a person's capabilities and the possibility to exercise and enjoy his or her human rights to a greater or lesser extent. This index has proved to be highly correlated with measurements of other human capabilities that reflect the social development of countries.

Each country is assigned a value on the BCI, and then its evolution over time can be evaluated and comparisons with other countries can be made. The BCI indicators attain their maximum level when all women receive skilled health care during childbirth, when no child drops out of school before completing the fifth grade and when infant mortality is reduced to its minimum possible level of less than five deaths among children under 5 per thousand live births. These indicators are closely connected to the capabilities that the members of a society must have. These capabilities mutually reinforce each other to make greater individual and collective development possible. Particularly important in this context are the capabilities that facilitate the incorporation of young people into society, as this is essential to promote the future development of countries.

Note that a BCI value of nearly 100 does not necessarily mean a high level of social development; it merely means the country has achieved universal coverage in the essential minimum requirements to be able to progress towards improved well-being. This is the starting point, not the finish line.

GEI

Social Watch developed the Gender Equity Index (GEI) to make gender inequality situations in countries visible and measurable, and to monitor their evolution over time. The GEI is based on information that is available and comparable internationally. It makes it possible to position and classify countries in accordance with a selection of important indicators of gender inequality in the dimensions of education, economic participation and empowerment.

The GEI gives a simple and direct reading so countries can be compared easily. For the purposes of measurement, proportional relations have been ascertained, in other words the ratio between the sexes, so the structure of opportunities as regards gender inequity can be inferred.

The index measures the gap between women and men, not their well-being. Thus, for example, a country in which young people of both sexes have equal access to university education receives a value of 100 on this point, and a country in which girls and boys are both equally impeded from completing their primary education would also receive a value of 100. This does not mean that the education is of adequate quality but that, in this case, girls do not suffer from inequity in participation.

The GEI is calculated to respond to the need to reflect all situations that are unfavourable to women. Therefore, when there is a proportional relation disadvantageous to women in comparison to men, the GEI does not register its maximum value of 100 points. Thus the final value attained depends on the degree of negative inequity for women in a given country or region, because it reflects inequity in an inversely proportional way: the greater the inequity the lower the value on the index, and vice versa.

No indicator value can exceed 100 points (complete equity in participation)[2] even if there are inequities that are positive for women. This asymmetry means the GEI cannot and should not be read as a percentage of participation of the population in gender relations because the proportion of participation may ultimately register as being very different if some of the indicators are favourable to women. ■

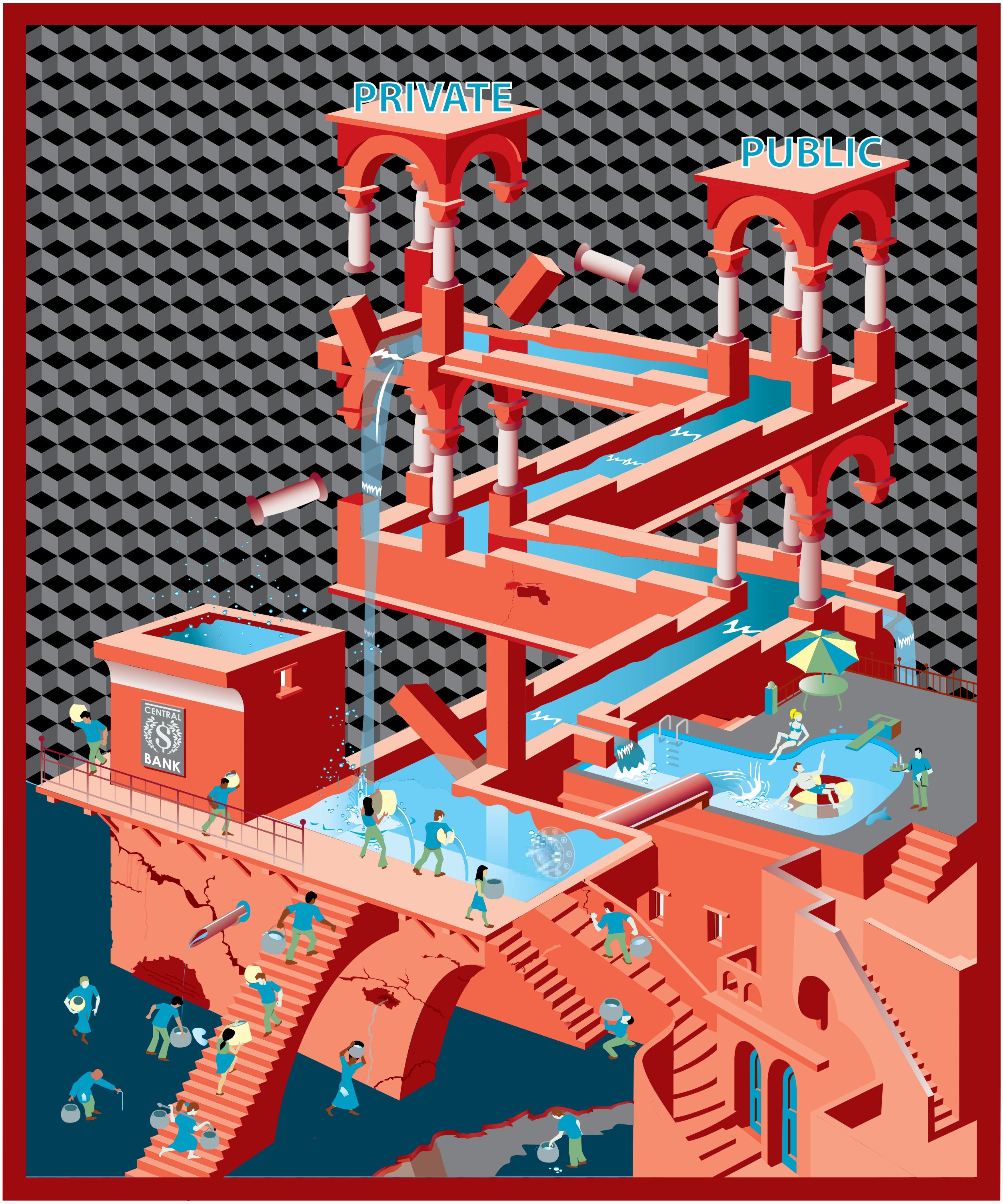
1 The BCI was originally based on the Quality of Life Index developed by the non-governmental organization Action for Economic Reforms-Philippines, which in turn was derived from the Capability Poverty Index proposed by Professor Amartya Sen and popularised as the United Nations Development Programme (UNDP) Human Development Index.

2 The relative participation of women in one specific area (for example 'university professionals', which is one of the four indicators in the 'empowerment' dimension) is divided by the relative weight of men in that situation. The ratio obtained is multiplied by 100. If the resulting value is over 100, indicating that women's participation exceeds that of men, the value is taken as 100. This is done so that, in the final value on the index, participation rates that are favourable to women in some specific situations shall not conceal negative participation rates in others.

METHODOLOGICAL NOTE FOR THE ICB

Procedure used. There is no information for the country in one of the indicators of the index for the current period, but information does exist for the previous period. In order to calculate the present value of the BCI the indicator's data was standardized (subtracting the mean and dividing by the standard deviation), and then the mean positive and negative values were calculated to form four categories (best situation, above average, below average and worst situation). The country was situated in the corresponding category according to the value of the indicator of the previous period and the group indicator mean was assigned to it, now on the basis of present period data. That is, this indicator is assumed to be in an "average" situation within the group. ■

A failed financial architecture… and how to build a new one



Finances are usually explained in water metaphors: money “flows”, benefits from growth “trickle down” to the poor, capital “leaks” out of countries to tax havens…

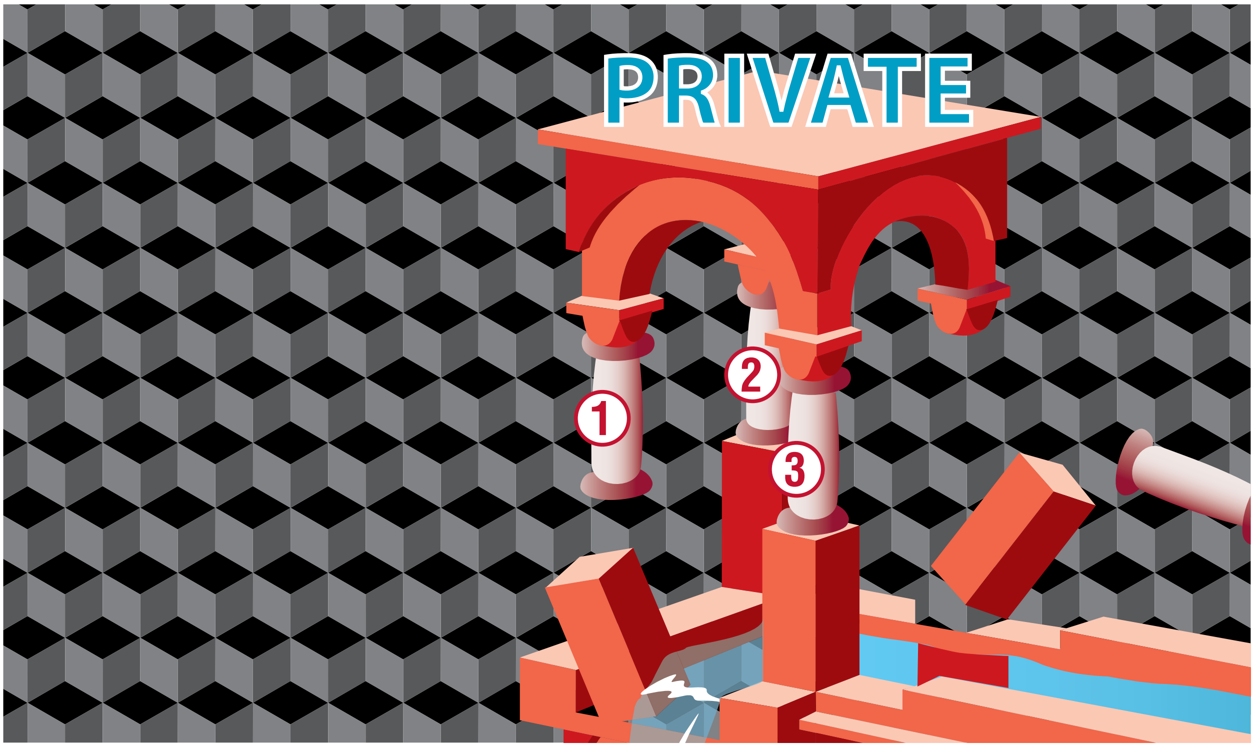
From a first glance at this construction, most people will see a waterfall, in the same way that most residents of rich countries think that an enormous flow of their tax contributions is directed to poor countries, in the form of aid, loans, trade benefits and frequently talked about debt cancellations. But the water cascading down doesn’t quite reach the poor… Instead it is diverted and –against all logic– it flows up instead of down.

In 2006, Social Watch used this illustration, inspired by the famous “Waterfall” etching by MC Escher, as a metaphor for the global financial architecture. This structure prominently features the Bretton Woods institutions (the World Bank and the International Monetary Fund - IMF), despite the fact that they had clearly failed to achieve the objectives they were created for: to ensure financial stability, full employment and development. We argued then that a mechanism that mobilizes capital from where it is scarce (the low and middle income countries) to where it is abundant is “impossible, both in the sense of impractical and in the sense of intolerable” and that the international financial architecture “badly needs to be redesigned.”

Two years later, the international financial system collapsed, credit sources dried up and recession spread like a pandemic from the richest economies to the poorest.

The need for substantial reform is now widely acknowledged, but a common understanding of what went wrong still needs to be achieved, before a blueprint for a new financial architecture can be agreed upon.

On the other hand, there is a growing consensus on the immediate need to compensate for decreasing private sector activity and failing markets with stimulus “packages.” More than USD 10 trillion has been spent worldwide on subsidies or tax cuts benefiting corporations, banks and affluent individuals, but those have largely not resulted in renewing credit or in stimulating countercyclical spending. The banks are reluctant to lend to businesses with uncertain futures, and likewise, consumers are preferring to save instead of spend. But people living in poverty, whether in developing countries or in rich countries, will spend every single penny that they receive. Since the poor do not have the option of postponing consumption, the best stimulus plan to address the global economic crisis is to invest in them. This is not merely a basic principle of justice; it also makes good economic sense.



① COMMODITIES SPECULATION[1]

The build-up and eruption of the crisis in the financial system was paralleled by an unusually sharp increase and subsequent strong reversal of the prices of primary commodities. The price boom between 2002 and mid-2008 was the most pronounced in several decades in its magnitude, duration and breadth. The price decline since mid-2008 stands out for its sharpness and the number of commodity groups affected. The price hike for a number of commodities puts a heavy burden on many developing countries relying on imports of food and energy commodities, and contributed to food crises in a number of countries during 2007-2008. In the same way, the drop in commodity prices in the second half of 2008 was one of the main channels through which the dramatic slowdown of economic and financial activity in the major industrialized countries was transmitted to the developing world.

The strong and sustained increase in primary commodity prices between 2002 and mid-2008 was accompanied by a growing presence of financial investors in commodity futures exchanges. This "financialization" of commodity markets has raised concerns that many of the recent commodity price developments – and especially the steep increase in 2007-2008 and the subsequent strong reversal – was largely driven by financial investors' use of commodities as an asset class.

② HEDGE FUNDS AND THE "CASINO ECONOMY"

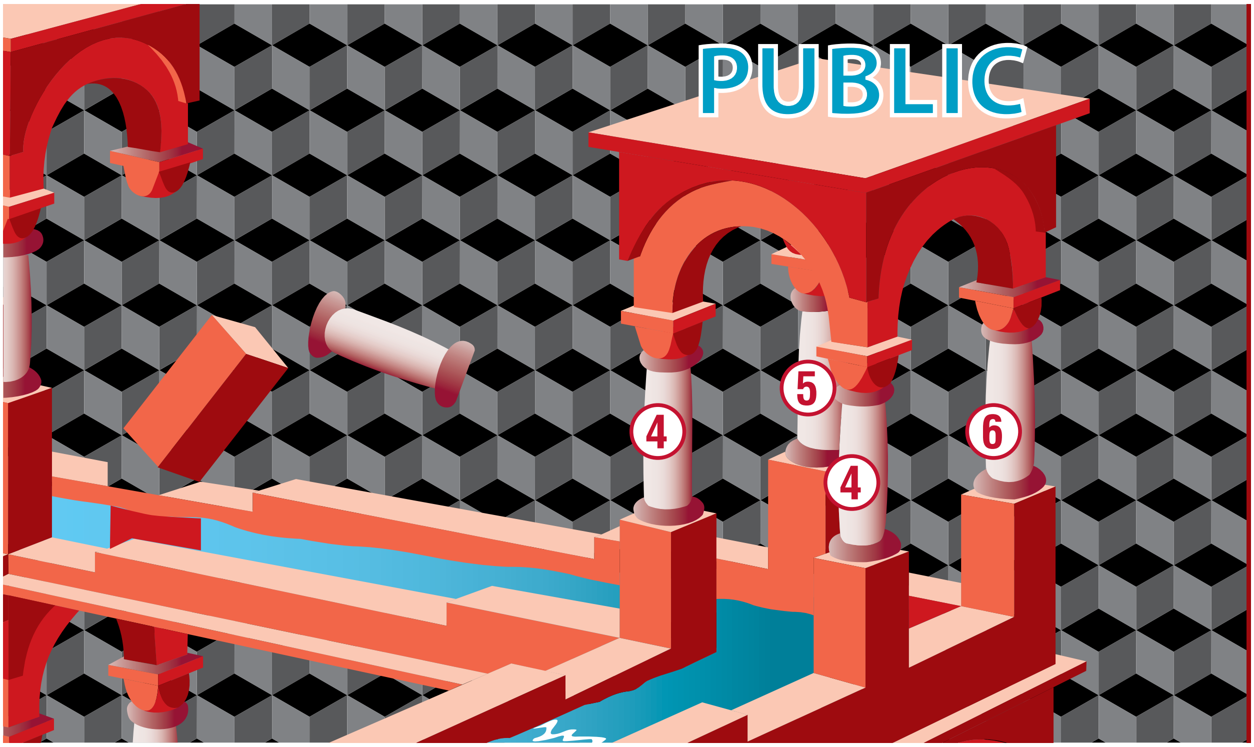
Common sense and basic math say that you cannot sustainably make money betting in a casino. In the same way, in no market can everybody earn above average profits, and no financial investment can pay in the long term more then the real economic activities on which it is based. Yet, as investors always want to believe they can defy the laws of gravity, huge amounts of savings were attracted by hedge funds and other "innovative financial instruments", backed by irresponsible triple-A credit ratings. The better returns achieved by hedge funds for a while came at the cost of higher risk. This higher risk is generated by the use of leverage – the degree to which an investor is utilizing borrowed money – oftentimes several layers of it. In this regard, for example, investors could borrow to invest in funds of funds which, in turn, borrow to invest in hedge funds which, in turn, use derivatives to leverage themselves. This whole pyramid, not completely different from the fraudulent "Ponzi schemes" of Bernard Madoff, fell like a house of cards in September 2008 and, with it, the belief that unregulated liberalization and non-intervention by governments would bring prosperity.

③ CREDIT RATING AGENCIES

Finch, Moody's and Standard and Poor's, among others, are companies that assign grades (ratings) for bonds and other debt obligations issued by big companies or governments and traded on the market. The issuer's credit worthiness (i.e., its ability to pay back) affects the interest rate. Risky "papers" pay more interest while obligations graded AAA pay less but are supposed to be safe. Long term investors like pension funds are frequently required by laws and regulations to only buy AAA-graded papers.

The credit rating agencies totally failed, as the financial crisis of the sub-prime mortgages in the US demonstrated, and many investments graded as safe were actually worthless. With the collapse of Wall Street in September 2008, an estimated USD 50 trillion of wealth was "destroyed" as savings in shares, investment funds and other obligations lost value dramatically. The Securities and Exchange Commission of the US Government is investigating anti-competitive practices of credit rating agencies and conflicts of interest, as they were grading the debt of the same companies that were the source of a large part of their income.

1 (Extracted from UNCTAD's report The Global Economic Crisis, 2009)



4 THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK[1]

The London summit of the G20 (an ad hoc group of the 22 most economically important countries) promised to repair the global economy by taking action in major areas such as restoring growth, jobs, confidence and lending, strengthening financial regulation, funding and reforming the international financial institutions (IFIs), rejecting protectionism and pursuing recovery through a green economy.

However, the only apparent financial commitment made was to announce the injection through various ways of USD 1.1 trillion into the IMF, the World Bank and regional development banks. Due to the glaring absence of a political consensus among key G20 members on a coordinated fiscal stimulus plan, or regulation of cross-border financial flows, the only agreement on immediate action was to boost the resources of the international financial institutions, whose decision-making has been controlled by the US and European countries since their creation.

However, the benefits of this significant funding increase, particularly for the IMF, which will be endowed with an extra USD 750 billion, cannot be compared to the potential positive repercussions of a coordinated fiscal stimulus. As economic experts have pointed out, IMF funds only help the world's economies if countries borrow from the Fund, whereas fiscal stimulus efforts bolster global demand overall.

The G20's decision to channel funds predominantly through the IMF, rather than proposing a more diverse allocation of funds, is a narrow mechanism through which the developing countries may be imposed with the same type of procyclical and contractionary policies that contributed to creating the crisis.

The capital refurbishment of both the IMF and the World Bank comes without any upfront reform requirements for the institutions. Instead, the only key reforms outlined are to end the Europe-US monopoly on the leaders of the Bank and Fund, and governance reforms to increase quotas and participation by developing countries, which, however, are not to be reviewed and implemented until 2011 for the IMF and 2010 for the World Bank.

While the Fund and Bank get away without deeper reform requirements, these very institutions almost always require policy reforms from their member country borrowers upon obtaining loans.

5 THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS)

Based in Basel, Switzerland and with a staff of over 500 people, the BIS is largely ignored by the public, even when it was the first international financial organization (established in 1930) and is currently a key pillar in the international financial architecture. As a bank, the BIS only provides services to its members, which are the central banks of 55 developed and middle income countries. As an informal "forum" it is a key place to agree on banking rules, which is done through the Basel Committee on Banking Supervision and the Financial Stability Forum (FSF). The G20 Summit upgraded the FSF into a Financial Stability Board (FSB), expanded its membership to all G20 countries and mandated it with monitoring global financial stability and promoting medium-term reform. Some critics fear that this task would unduly violate national sovereignty, while others argue that the FSB has no real power to accomplish anything. In the recent past, BIS and its Basel Committees have been responsible for drafting the standards and codes for the financial and monetary spheres that dramatically failed to ensure financial stability.

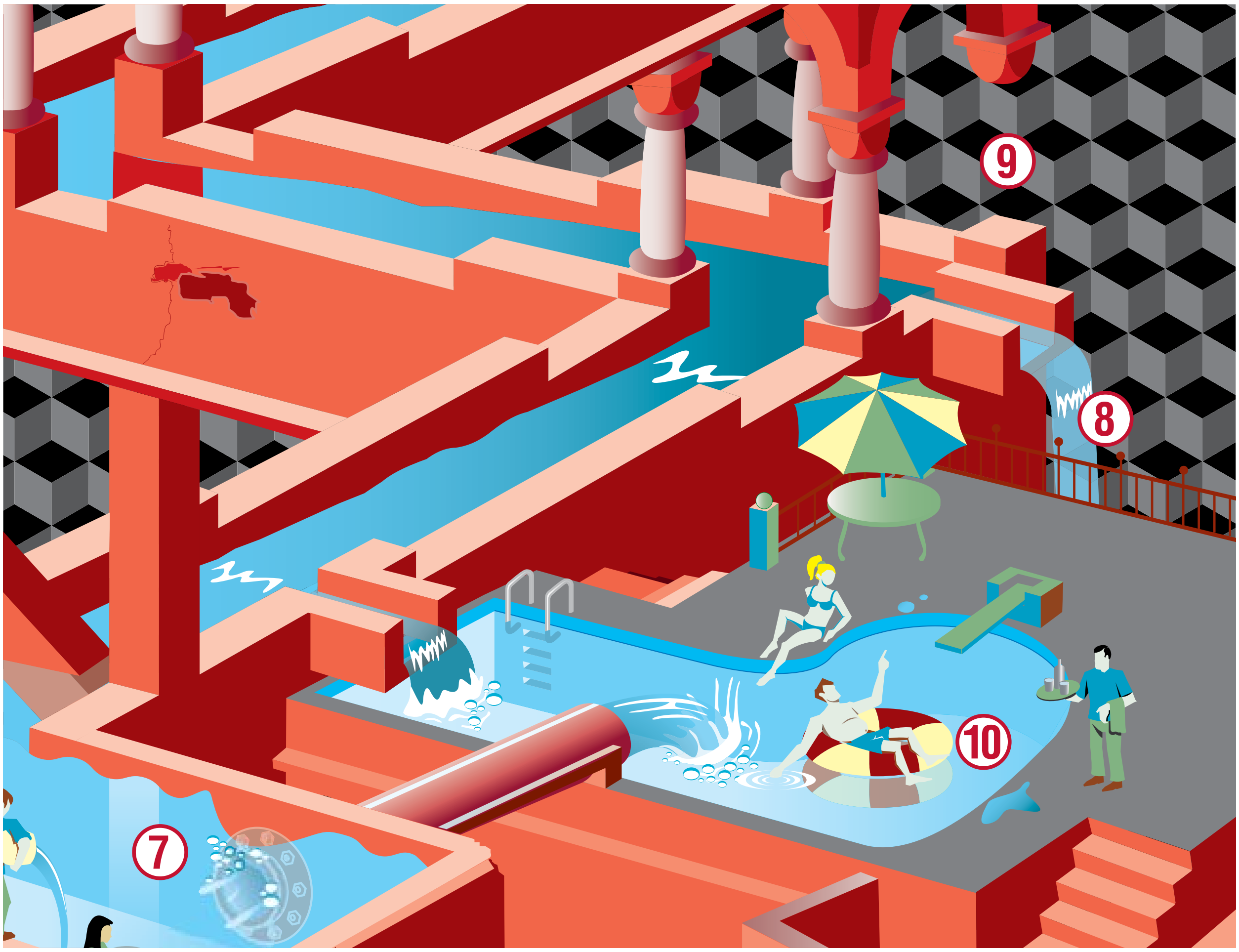
6 WORLD TRADE ORGANIZATION (WTO)[2]

The current Doha Round of trade negotiations includes financial services. Developed countries and their financial institutions are pressing a group of developing countries to open up their financial markets, i.e. by allowing the establishment of foreign banks, and by allowing freedom of cross-border financial flows and services. If the negotiations conclude along the proposed lines, the developing countries would have to adopt the type of financial liberalisation that makes them more vulnerable.

It would also mean that countries that may wish to abide by policies proposed by the Stiglitz Commission to regulate financial flows and institutions and instruments may be violating their new WTO commitments. It is a paradox that G20 leaders simultaneously call for better regulation of global finances and for the "success of the Doha Round", which would entail exactly the opposite.

1 (Extracted from an analysis by Bhumika Muchhala)

2 (Extracted from an analysis by the Third World Network)



⑦ CAPITAL FLIGHT[1]

Each year developing countries miss out on up to USD 124 billion in lost income from offshore assets held in tax havens. At least USD 6.2 trillion of developing country wealth is held offshore by individuals, depriving developing countries of annual tax receipts of between USD 64-124 billion.

If money moved offshore by private companies was included, this figure would be much higher. The scale of the losses outweighs the USD 120 billion in overseas aid that developing countries received in 2008. And capital flight is a growing problem, with an additional USD 200-300 billion being moved offshore each year.

⑧ CRIME PAYS

The cross-border flow of the global proceeds from criminal activities, corruption, and tax evasion at USD 1-1.6 trillion per year, half from developing and transitional economies.

Antonio Maria Costa, head of the United Nations' crime and drug watchdog has found evidence that "in many instances, drug money is currently the only liquid investment capital" and therefore money made in illicit drug trade has been used to keep banks afloat in the global financial crisis.

⑨ THE DEMOCRATIC DEFICIT

Less than one third of the countries of the world are members of the Basel institutions, but their decisions become de facto international financial rules that apply everywhere. Most countries are members of the Bretton Woods institutions, but the votes are assigned by quotas largely based on the relative economic power they enjoyed decades ago. The US, with 16% of the votes, has veto power, as decisions require 85% of the votes. In the WTO every country has one vote, but key decisions are taken by a "consensus" mechanism which gives real bargaining power to the major traders and leaves small countries powerless.

In the wise words of Amartya Sen: the "central issue of contention is not globalization itself, nor is it the market as an institution, but the inequity in the overall balance of institutional arrangements – which produces very unequal sharing of the benefits of globalization."

⑩ TAX HAVENS

Tax, the foundation of good government, is a key to the wealth or poverty of nations. But tax havens, which offer secrecy, low or zero taxation, and lax regulation (or a combination of all three) allow big companies and wealthy individuals to benefit from the onshore benefits of tax – like good infrastructure, education and the rule of law – while using the offshore world to escape their responsibilities to pay for then, the rest of the world shoulders the burden. Calculations made by the Tax Justice Network suggest that around USD 11.5 trillion of the private wealth of "High Net Worth Individuals" alone is currently held in tax havens, largely undeclared – and therefore probably untaxed – in their countries of residence. The benefits from taxing just this individual wealth – let alone the undoubtedly larger sums lost through tax evasion and avoidance by corporations – would far outweigh any realistic increase in aid budgets. The annual worldwide income earned on these undeclared assets is likely to be about USD 860 billion. Taxing this income at a moderate 30% rate would produce around USD 255 billion annually, enough to finance the MDGs in their entirety. Put simply, making just the very rich pay their due taxes could immediately fund measures to halve world poverty.

1 (Extracted from Oxfam International, "Tax haven crackdown could deliver USD 120 billion a year to fight poverty")

⑪ REMITTANCES

Since 1995, remittances contribute more money than all official development assistance programs combined. In Mexico, remittances sent by emigrants have become indispensable for 21% of families. Remittances to Mexico were down nearly 6% in January 2009 as a result of the downturn in the US economy and anti-immigrant policies.

⑫ JUST DROPS OF AID REACH THE POOR[1]

Almost 40 years ago, rich countries agreed to give 0.7% of their GNI as official aid to poor countries for development assistance. The average aid delivered each year never surpassed 0.4% and the shortfall has accumulated to over USD 3.6 trillion, while total aid delivered in that same period reached a mere USD 2.7 trillion. Moreover, official Overseas Development Assistance (ODA) figures tend to include debt relief and support for students and refugees in donor countries, thus distorting the real value of the aid claimed: ODA performance, excluding debt relief and support for students and refugees, has been unchanged at 0.22% of GNI in 2005, 2006 and 2007.

⑬ WOMEN AND THE POOR ARE HIT THE HARDEST

The world's poor are being hard-hit by a crisis for which they are not responsible. According to estimates, 53 million people are falling into extreme poverty in 2009 and 200,000 to 400,000 babies are dying, because of the drop in growth. Women are affected disproportionally. They are the first to lose their jobs and the last to recover them, are required to compensate for the reduction of health and education services provided by governments, and suffer increased domestic violence proportional to the rise in unemployment.

Low income countries face a financial gap ranging from USD 270 to 700 billion this year. However, while more than USD 2 trillion were found to boost Northern economies and emerging markets, richer countries committed just over 5% of the additional development finance required to compensate low-income countries. African countries alone will face a real drop in income of USD 49 billion between the start of the crisis in 2007 and the end of 2009. Already hard-hit by soaring food and energy prices that pushed up inflation, as well as caused food shortages and widespread hunger, poor countries are seeing how the demand for their exports is dropping and vital remittances sent back by family members working in the developed world are declining.

⑭ SMALL TAXPAYERS IN POOR COUNTRIES CARRY THE BURDEN

If low-income countries were to revise their taxes, strengthen their financial administrations and abolish tax exemptions for transnational investors so that the proportion of public revenues within gross domestic product (which was 12% in 2003) was brought to the average level of the rich countries (26% in 2003), their governments' income would increase by approximately USD 140 billion per year.

1 Sources: OECD (April 2009) and The reality of aid 2008

A human rights-based response to the financial and economic crisis

Aldo Caliari
Center of Concern (COC)

The magnitude of the crisis is shedding an altogether new light on the consequences of the traditional approach to human rights and the regulation of finance. Under this paradigm, human rights advocates are told that matters of financial regulation are entirely technical and to be left to the experts, while human rights policy and concerns should either be addressed independently from financial regulatory issues or simply circumscribed by whatever approach financial experts decide to take on such issues.

At the same time, it is not hard to find support for the notion that the enjoyment of human rights will be significantly affected by the crisis everywhere.

Poverty is expected to increase worldwide by as much as 53 million people. Even this figure may be optimistic as it is based on the World Bank's widely questioned definition of poverty and is likely to understate the real number of the poor. The decline in nutritional and health status among children who suffer from reduced (or lower quality) food consumption can be irreversible, and estimates suggest that the food crisis has already increased the number of people suffering from malnutrition by 44 million.

Looking at these impacts, and accepting the consensus about the sources of the crisis, one has to conclude that choices made on financial regulation have tangible consequences for the enjoyment of rights.

A response to the financial and economic recession that places human rights norms at its centre is not only necessary as a matter of justice; it will also make reforms of the financial and economic system more sustainable and resilient to future crises.

Basic human rights principles include social participation, transparency, access to information, judicial protection and accountability.

The UN, as the guardian of the international legal framework, is the most appropriate and most legitimate forum to discuss the reforms that are necessary to restructure the international economic and financial system on a human rights foundation.

We should expect a gloomy legacy to the ongoing financial crisis, more so than to any other crisis that the current generation has seen. But alongside this, there is a legacy of important ideas that can no longer be dismissed and that should be at the heart of the restructuring of the global economic system. ■

Gender Equality and the Financial Crisis

Nancy Baroni
Canadian Feminist Alliance for International Action
Mirjana Dokmanovic, PhD
Association Technology and Society,
Serbia and Women in Development Europe (WIDE)
Genoveva Tisheva
Bulgarian Gender Research Foundation
and Bulgarian-European Partnership Association
Emily Sikazwe
Women for Change

Women in the developing world are particularly disadvantaged due to the financial crisis. Their weaker control over property and resources, over-representation in piece-rate or vulnerable employment, lower earnings and lower levels of social protection make them, and their children, more vulnerable to the financial crisis.

Government approaches to addressing the economic and financial crisis are not, for the most part, based on human rights or equality principles.

The reactions to the economic crisis involve cutbacks in financing for gender equality mechanisms and the implementation of gender equality legislation, which will jeopardize gender equality gains and inevitably reinforce existing gender stereotypes.

At the UN High Level Conference on the Global Financial and Economic Crisis and Its Impact on Development (24-26 June 2009), the Women's Working Group reminded UN Member States that women cannot wait, and that this is the time to act on fundamental reform of the global financial architecture.[1] Despite the unanimous call to action by civil society organizations, the conference outcome document did not meet expectations.

Civil society organizations, including women's organizations and networks, call for a rights-based approach to development. A review of the implementation of this approach by UN agencies shows that it can be effective in eradicating poverty, developing democracy and human rights, and supporting vulnerable groups, particularly women, to participate in decision-making.

However, there is a need to improve this approach in order to address effectively the needs of women and to improve gender equality relations. There are a number of shortcomings that derive from excessive generality, weak implementation mechanisms, and insufficient application of the human rights concept.

A gender analysis shows that such an approach requires developing good analytical tools for understanding the inequalities inherent both in the neoliberal market economy and in gender relations. ■

1 Women's Working Group on Financing for Development (WWG-FfD). "Time to Act: Women Cannot Wait. A call for rights based responses to the global financial and economic crisis," June 2009.

The global food price crisis

Sophia Murphy
Institute for Agriculture and Trade Policy

Starting in 2005 and peaking in July 2008, many agricultural commodity prices on world markets reached their highest levels in 30 years.

The poor spend upwards of 50% of their income on food, while the poorest spend 80% or more.

Supply shortfalls are a normal part of agriculture. Typically, a supply shortfall triggers increased production through higher prices as more farmers are drawn to plant the crop that is fetching the higher prices.

Water
Irrigated agriculture accounts for almost 70% of world water use. Irrigated agriculture produces 40% of global food on 20% of the world's agricultural land.

Stocks
World food stocks have halved since 2002. The world is now estimated to have roughly two months reserve, which is the minimum cushion recommended by the FAO in case of supply disruption.

Production costs
Fertilizer, oil, pesticides and seed prices rose very steeply between 2007 and 2008.

Drought
Droughts appear to be more frequent and more widespread today than at any time in recent history, exacerbated by desertification and deforestation, poor urban planning, and the overuse of groundwater supplies.

Climate change
Climate change is affecting rainfall and temperatures, both vital to agricultural productivity.

Population
Each year, another 78 million people are added to the earth's total population.

Diet
More importantly, what people eat is changing. Each year, more people eat like rich Westerners.

Biofuels
Biofuels (also called agrofuels) are liquid fuels made from plant matter. Most commercial biofuel today is made from sugarcane, corn, canola, palm oil or soy oil.

Speculation
Most agricultural commodities are traded on international exchanges.

Investment
Governments worldwide have liberalized investment laws considerably since the advent of structural adjustment programmes and the proliferation of regional and bilateral trade agreements.

Trade
Global and regional trade agreements have changed the way world prices interact with domestic food markets.

The failure to eradicate hunger is the result of political choices. We know how to practice more sustainable agriculture. We know how to better regulate markets. We know that food security must be built from a strong local base. ■

Justice to cool the planet

PRRM/Social Watch Philippines
Isagani R. Serrano

In the 1880s, after we started burning fossil fuels and had built today's industrial society, the concentration of carbon dioxide (CO_2) in the atmosphere was 280 parts per million (ppm). By the 1950s, it had already reached 315 ppm. When NASA scientist James Hansen first sounded the alarm on climate change in the late 1980s, he established 350 ppm as the highest affordable level "if humanity wishes to preserve a planet similar to that on which civilization developed and to which life on Earth is adapted".

Meanwhile, the signs are mounting that the worst-case scenario may come earlier than imagined. Extreme events such as storms, floods and droughts have devastating impacts on water resources, food security, agriculture, ecosystems, biodiversity and human health.

A more even-handed world stands a better chance of surviving and adapting to climate change. Setting limits to growth (regardless of whether feared thresholds may have been crossed), and establishing equity between and within nations and communities, between women and men, present and future generations, should make the world more resilient.

Although climate change spares no one, rich or poor, it has a greater impact on the poor even though they have less to answer for.

To avert catastrophe the deal is fair and simple: the rich in both rich and poor countries must give up much more so that the poor and all of us may live sustainable lives.

High-emission countries must commit to drastic, deep and binding cuts on their GHG emissions from their 1990 levels and help developing countries with "soft" money and clean technology.

Developing countries have a right to development, but this right should not be taken as a license to pollute the environment.

Sustainable agriculture and fisheries, sustainable forestry and watershed management, and ecological waste management are adaptation paths that can help cool the planet. Ensuring food security calls for a radical change in the way farming is done, a view that has long been advocated by farmers' movements worldwide.

Oddly, the current global recession may turn out to be a blessing in disguise. Perhaps the deeper it cuts and the longer it lasts, the better it will be for all of us. Less growth implies less emissions and less stress on the environment. Cleaner production and universal reduction in per capita consumption means less carbon footprint and – maybe –healthier living. ■

Holding transnational corporations accountable for human rights obligations: the role of civil society

Jana Silverman
Social Watch
Alvaro Orsatti
Trade Union Confederation of the Americas

Business enterprises, particularly transnational companies, are typically private, non-governmental entities subject only to national laws in either the country where the company has its headquarters or in the host countries where the company has investments.

This interpretation is gradually being revised in practice, however.

Today, the obligations of non-state actors such as business enterprises to protect and promote human rights are becoming more explicit in both theory and practice.

In addition, a growing number of corporations are designing and implementing specific human rights policies. More than 240 enterprises have formulated their own guidelines, according to the Business and Human Rights Resource Center and more than 5200 companies are listed as active members of the UN Global Compact, a multi-stakeholder initiative that commits businesses to respect universal principals relating to human rights, labour rights, environmental issues and anti-corruption practices.

The changing relationship between businesses and human rights is intimately linked to the rise of corporate social responsibility, defined by the European Commission as a "concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with stakeholders on a voluntary basis". Although some companies have implemented philanthropic programmes to benefit their employees, local communities and society in general since at least the 1950s, the current notion is different. It promotes the incorporation of human, social and environmental rights as an integral part of corporate strategies, not to comply with any moral or ethical imperative but simply as a good business practice that can minimise risks and enhance company performance.

The experience of trade unions in the use of corporate social responsibility instruments is based on a strategy that was previously defined in the international arena by the International Trade Union Confederation (ITUC). This strategy asserts that companies have an "internal responsibility" for their workers that should be regulated and enforceable. Mechanisms for accomplishing this include the Tripartite Declaration of the ILO and the OECD Guidelines for Multinational Enterprises and bilateral global framework agreements (GFAs) negotiated between Global Unions and multinational corporations.

Although not all of the mechanisms profiled above have been equally effective in protecting and promoting the fundamental human and labor rights that companies are obligated to uphold, they at least begin to address the weaknesses inherent in the unilateral, voluntary model of corporate social responsibility. ■

The global economic crisis and the least developed countries: citizen's concerns

Arjun Karki
LDC Watch

As defined by the United Nations, there are 49 Least Developed Countries (LDCs) in the world, which are home to about 750 million people.

The current global economic crisis has not only shaken the foundations of the largest economies, stock markets and the most influential financial institutions around the globe, but also has put the already fragile small economies of the LDCs into peril, pushing millions of poor women, men and children into poverty and hardship.

Unprecedented food crises, triggered by soaring food prices and leading to "food riots", have shaken over 30 LDCs, where workers and peasants have become unable to afford food items basic for survival. Protests over grain prices in Haiti, Cameroon, Senegal, the Ivory Coast, Mozambique, Ethiopia, Madagascar, Mauritania and other parts of Africa and a hungry children's march in Yemen are some examples.

Because the majority of poor people in LDCs spend 70-80 per cent of their income on food, they are very hard hit by the sharp increases in domestic food prices.

The concerns of LDCs about food, water and energy security are deepened by the climate crisis that challenges the goals of inclusive and environmentally sustainable economic growth.

Official Development Assistance (ODA) flows in the LDCs are also predicted to decline as governments in developed countries use resources to provide stimulus to their own economies and continue to bail out the financial institutions that have been at the centre of the economic crisis.

Remittances to the LDCs from people working in other countries are also declining, as migrant workers lose their jobs due to the economic recession in the countries that provided employment. IMF predicts a drop of between 4% and 8% in 2009.

The above situation, which is pushing millions of people in the LDCs towards increased poverty and vulnerability, demands immediate and urgent action. In order to overcome the global economic crisis and create an enabling environment for development in the LDCs, it is crucial that the international community and the LDC governments come together to combat the impacts of economic crisis in the LDCs.

This will only be achieved with a fundamental transformation of the global financial architecture.

The globalized world we live in demands new global approaches. If we are to achieve the goals to which we all claim to aspire, we need to make sure that, as we work to mitigate the devastating consequences of this global economic crisis, we use it as an opportunity to bring about real transformation in the global system so that everyone on this planet gets better opportunities to lead meaningful and secure lives. ■

Mounting development challenges posed by the world economic crisis: policy options in the Arab region

Kinda Mohamadieh
Arab NGO Network for Development
Oliver Pearce
Christian Aid

The global economic and financial crisis comes at a time when countries and citizens have been trying to adjust to wildly fluctuating food and fuel prices.

Past economic crises have had disproportionate impacts on the poor, and this one will be no different in that regard. This means further stress on communities that have already been suffering due to climate change and fluctuations in food and energy prices.

The Arab region witnessed a noticeable reduction in poverty levels from the 1980s to the early 1990s. During the mid 1990s, however, the proportion of people living in poverty – at the most basic USD 1 and USD 2 per day benchmarks – rose and essentially remained stagnant into the 21st century, with only a very gradual decline.

Moreover, if the poverty threshold is raised a little – for example from USD 1 to USD 2 a day or from USD 2 to USD 3 or 4 a day – the numbers rise substantially.

Measurements related to higher poverty lines do matter, particularly at a time when families across the region have recently had to absorb much higher costs for basic goods, including both food and fuel, which account for a large proportion of their expenditures. UN sources note that, as a result of the food crisis, around 31 million people in the Arab region are hungry (about 10 % of the total population).

The high degree of inequalities between countries, as well as sustained inequalities within many countries, is another notable feature of the region that has to be taken into consideration.

One of the reasons for the persistent proportion of people living in poverty in the region is chronic unemployment. In fact, even during those years in which economies were growing and individual incomes also seemed to be on the rise, unemployment was high and increasing.

The crisis has exposed the fluctuating nature of aid and remittances as well as the limited returns from trade liberalization. These policy options cannot be considered factors of a stable nature on which long-term sustained growth policy is built.

As regional and bilateral trade agreements proliferate, trade policy tariffs have been significantly reduced in almost all the region's countries, with most non-tariff barriers eliminated or significantly reduced.

It is evident that Arab governments need to prioritize long-term structural changes while addressing short-term needs in light of the crisis. ■

Europe's response to the global financial and economic crisis

Mirjam van Reisen
Europe External Policy Advisors (EEPA)
Simon Stocker, Louisa Vogiazides
Eurostep

Europe's leaders readily recognize that there have been failures in the global financial system. It appears, however, that the measures they envisage to address these failures fall far short of a radical transformation of the system.

The EU position certainly includes a commitment to strengthening financial supervision and regulation, with various levels of support going towards improved monitoring of credit rating agencies, the establishment of regulatory standards to end tax heavens and banking secrecy, the need for new accounting norms for placing bonuses under guardianship.

In recent years, increasing financial deregulation and privatization has put the European Social Model under threat. In this new paradigm the welfare of citizens is increasingly provided by the market rather than the State, resulting in a progressive retreat of the state from several social and economic spheres.

The economic recession resulting from the crisis further threatens Europe's approach to social welfare.

What is Europe's response? From the outset of the crisis the European Commission and its Member States have taken a variety of measures to counter the effects of the economic downturn, largely through recovery plans and rescue packages. The bulk of these have focused on the financial sector.

The growing unemployment crisis argues that more emphasis be given to addressing the social impacts of the crisis. Measures to integrate those who are excluded from the labour market, invest in social and health services and improve social protection systems are needed.

The EU is also claiming leadership in efforts to mitigate the social effects of the crisis in developing countries. As EC President Barroso argued, "Europe has taken the lead in ensuring that the G20 lays foundations for a fair and sustainable recovery for all, including developing countries".

Another impact of the crisis on Europe's relation with developing countries appears to be the acceleration of controversial measures such as budget support and the conclusion of Economic Partnership Agreements (EPAs).

Despite these concerns, the EC argues that in the current crisis, EPAs will contribute to promoting economic growth and development in partner countries. João Aguiar Machado, one of the Commission's chief EPA negotiators, explains that the agreements would support development by creating a predictable trade environment which, in turn, would spur investment and create employment. ■

Social Watch: promoting accountability

Social Watch, a network that today has members in over 60 countries around the world, was created in 1995 as a "meeting place for non-governmental organizations concerned with social development and gender discrimination, " responding to the need to promote the political will required for making the United Nations promises come true. Since then, this network, which is continually growing both qualitatively and quantitatively, has published 14 yearly reports on progress and setbacks in the struggle against poverty and for gender equality, which have been used as tools for advocacy on a local, regional, and international level.

From its number 0, published in 1996, to this present issue, the 14th, the *Social Watch Report* has brought to light more than 600 reports from civil society organizations, all of them sharing the aim of reminding governments of their commitments and tracking their implementation, both country by country and at the international level.

The present issue, featuring contributions from 61 national Social Watch coalitions, sustains the flame that brought the network into existence in 1995: the need to generate tools and strategies to rectify the lack of accountability mechanisms and ensure compliance with international commitments related to social policies and development goals.

In the decade Social Watch was created, a series of high-level United Nations conferences, starting with the 'Children's Summit' in 1990 and ending with the Millennium Summit in 2000, redefined the global social agenda. In 1995, the Social Summit (Copenhagen) and the Women's Conference (Beijing) defined, for the first time, the eradication of poverty and gender equality as common universal objectives, setting concrete targets and timelines to achieve the goal vaguely formulated in 1946 in the UN Charter as "dignity for all". To promote the political will needed for those promises to become a reality, the Social Watch network was created as a "meeting place for non-governmental organizations concerned with social development and gender discrimination" (*Social Watch No. 0*, 1996), by a group of civil society organizations.

Thus, the *Social Watch Report* was formulated as a powerful tool for the presentation of internationally available statistical information and for reporting on qualitative aspects of the issues addressed through analyses by social organizations working at a national level. A yearly publication, the Report is devoted to progress and setbacks in the struggle against poverty and for gender equality, two largely overlapping objectives, since the absolute majority of the persons living in poverty are women.

The Social Watch yearly reports, while adding an international dimension to local efforts and campaigns, became the first sustained monitoring initiative on social development and gender equity at a national level, and the first to combine both in one international overview.

The report Nº0, published in 1996, featured contributions from 13 organizations; since then, the network has been steadily rising. Currently, Social Watch has members ("watchers") in over 60 countries around the world, and membership grows each year.

A flexible network

As the "meeting place" has grown, several aspects of it have evolved, but the founding ideas and objectives remain. In preparing for their participation in the Copenhagen Social Summit, civil society organizations adopted flexible and ad hoc ways of organizing as a network. No formal governing structure or steering committee was created and no stable coordinating group was established. Non-governmental organizations (NGOs) preferred to inform each other and coordinate activities in horizontal open spaces, an approach that some analysts regard as a forerunner of the organizational format later adopted by the World Social Forum. Many of the NGOs that took part in the Social Summit later formed the backbone of Social Watch. As a result, the structure and functioning of the network preserves much of original flexibility and openness.

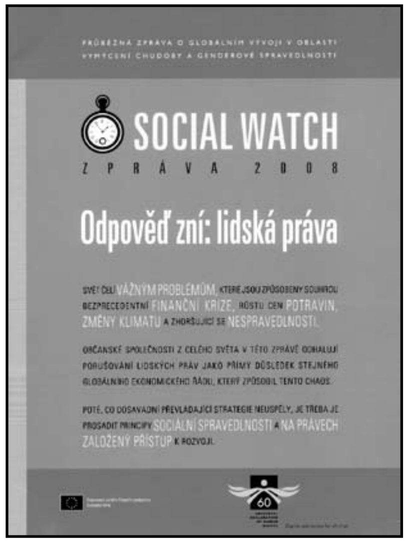
In addition to national coalitions, the network is structured around three bodies: the General Assembly, the Coordinating Committee and the International Secretariat. In recent years, some regional and sub-regional coordination structures were established as a space for articulation–not as a necessary intermediate body to link the national with the global.

The Social Watch network is not an incorporated entity and it did not start by drafting its governing bylaws. Instead, a short Memorandum of Understanding between national groups and the network became the basic framework establishing mutual expectations, respecting both the autonomy of national coalitions and democratic horizontal decision-making. A key principle that distinguishes Social Watch from other international civil society networks is that no central body provides funds for its members. These operational principles help avoid the tensions associated with donor/recipient relationships within the network – since there aren't any – and also the loss of energy

MEMORANDUM OF UNDERSTANDING BETWEEN NATIONAL GROUPS AND THE SOCIAL WATCH NETWORK

1. Coalitions must be based in the country and be active in social development issues in that country (not exclusively as academics or consultants).
2. Their basic commitment to the international network is to provide a national report, with their own conclusions and determination of priorities, to be included in the annual publication.
3. They are expected to use their national report and the global report in lobbying activities at a national level.
4. They must be open to the incorporation of other organizations, work actively to broaden awareness of Social Watch and encourage the participation of other organizations.
5. They are responsible for raising funds for their activities. National coalitions are not dependent for funds on, or financially accountable to, the Secretariat or any other international Social Watch entity.
6. Each coalition determines its own organizational structure.
7. Social Watch membership and the exercise of governmental functions are absolutely incompatible.
8. Cooperation with other national platforms should be encouraged at sub-regional, regional and global levels.

The Memorandum of Understanding was adopted during the 1st General Assembly, Rome, 2000. Available from: <www.socialwatch.org/en/acercaDe/asambleaRoma.htm>.



that could result from lengthy discussions about money, budgeting and reporting, as well as procedural matters. It has also resulted in members' strong sense of tenure over the network.

National coalitions organize the way they want – or can – according to the conditions in each country. The membership of Social Watch coalitions is very diverse, including research institutes or centres, NGOs, grassroots organizations, trade unions, women's groups, rural organizations and others. Since the international Social Watch report can only devote a couple of pages to each country and is only available in English and Spanish, the local coalitions publish more extensive national reports in national languages in Benin, Brazil, Czech Republic, Germany, India, Italy, Poland, the Philippines, and the Arab region.

General Assembly

The General Assembly is the Social Watch network's highest directive body. Policy discussion and medium- to long-term strategic planning happens in its realm, which serves as a decision-making forum. However, it is also a space for reinforcing the sense of belonging and strengthening the network's identity and unity. It takes place every three years and up to now has been held three times: in Rome 2000, Beirut 2003 and Sofia 2006.[1] This year, the General Assembly will meet for the fourth time in Accra, Ghana in October. In addition to setting medium- and long-term priorities and identifying potential alliances in advocacy strategy, the Assembly elects members of the Coordinating Committee to whom coordination and political leadership between assemblies are delegated.

1 Final reports, working papers and other materials from these three Assemblies available from: <www.socialwatch.org>

Coordinating Committee

The Coordinating Committee (CC) is the key political body for the 'daily' work of the network, with an organizational structure which requires fluid communications, facilitated principally through an email list, plus biannual face-to-face meetings and regular telephone conferences to discuss specific issues.

As the CC's task is to "ensure the political visibility and participation of the network in relevant spaces and processes,"[2] its composition endeavours to represent a geographical and gender balance, as well as considering the contribution, in terms of experience and capabilities, that members can provide to the whole network. In general, the CC's decisions are adopted by consensus, and every single decision (and discussion) is communicated to the watchers in a timely manner. The constant participation of two Secretariat members as ad hoc members of the CC ensures coordination between the two bodies, the function of the Secretariat being to support and implement the strategic decisions made.

International Secretariat

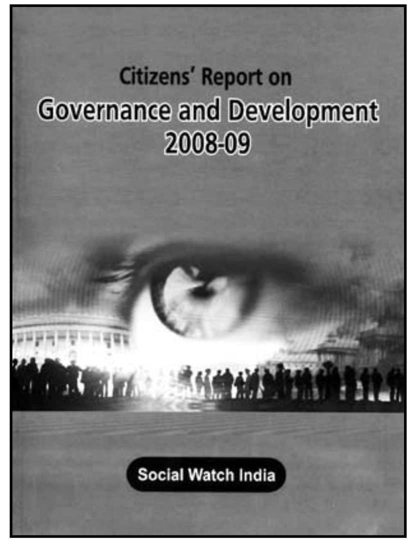
The Secretariat is the main executive body of Social Watch. The first external evaluation of the network (1995-2000) noted that, "Of the various roles in the Social Watch network, that of the Secretariat has changed the most" (Hessini and Nayar, 2000). Originally the Secretariat's function was limited to responsibility for the production of the Report, but due to the network's growth it has subsequently incorporated a series of new functions, including research, capacity building, campaigning, promotion of the network and its representation in international forums.

2 The document describing the nature and mandate of the Coordinating Committee was agreed at the 2nd General Assembly, Beirut 2003. Available from: <www.socialwatch.org/en/acercaDe/beirut/documentos/SW_PrinciplesCC.doc>

The local, the global and the Report

Every year Social Watch chooses to analyze a different subject in depth through its Report, usually focusing on topics under discussion on the international agenda that can be addressed from a local perspective. Experts from diverse origins and disciplines contribute alternative views on the issues through thematic articles. This international perspective is complemented with national and regional reports through which member organizations contribute a local perspective, reporting on the state of affairs in their countries in relation to each year's specific theme.

In addition, Social Watch produces indexes and tables with comparable international information, presenting a macro-perspective of the situation related to certain dimensions of develop-



ment while also providing national level readings. Social Watch has developed alternative indicators to measure progress or setbacks in gender equity and the meeting of basic human capacities, which are now used as reference points for both civil society and international institutions.

Although members use the document for advocacy work in diverse situations, Report launches are key opportunities for dissemination of its contents, taking place both in relevant spaces of international and national debate and decision-making. This year, some preliminary findings from the 2009 Report were showcased in the publication *Who Pays? The Global Crisis and What Needs to Be Done,*[3] which was presented in June in New York at the UN Conference on the Financial and Economic Crisis and its Impacts on Development and at the "Peoples´ Voices on the Crisis" forum which brought together over 100 civil society activists from around the world.

Occasional Papers are published, mainly to help build the capacity of member coalitions,[4] regional training workshops have been organized, and position papers have been produced. For example, this year Social Watch drafted recommendations on issues related to the financial architecture and its impacts on development for the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System. In addition, in order to share best practices related to the work of national Social Watch groups, the publication *Learning from Successful Experiences: Summary of the Analysis Four Case Studies from the Social Watch National Coalitions* was produced and disseminated.[5] Through its website, blog, and presence in social networking platforms, Social Watch is also utilizing new multimedia tools to disseminate information on gender, development and human rights issues, generate discussions among fellow civil society practitioners, and conduct outreach to policymakers and journalists. Additionally, on several occasions, Social Watch spokespersons have addressed the UN General Assembly and other intergovernmental bodies on behalf of the network or wider civil society constituencies. ■

References

Friedlander, E. and Adams, B. (2006). *Social Watch external evaluation 2001-2005.* Available from: <www.socialwatch.org/en/noticias/documentos/SW_Evaluation_report.doc>.

Hessini, L. and Nayar, A. (2000). *A Movement Toward Social Justice. An Evaluation Report.* Strategic Analysis for Gender Equity (SAGE). New York. Available from: <www.socialwatch.org/en/acercaDe/evaluacion.htm>.

Social Watch No. 0 (1996). *The starting point.* Instituto del Tercer Mundo. Montevideo. Available from: <www.socialwatch.org/en/informeImpreso/informe1996.htm>.

Social Watch (2006). *Strategy and Framework of Activities 2007-2009.* Available from: <www.socialwatch.org/en/noticias/documentos/cambiarSW_Strategy_Framework_2007-2009.doc>.

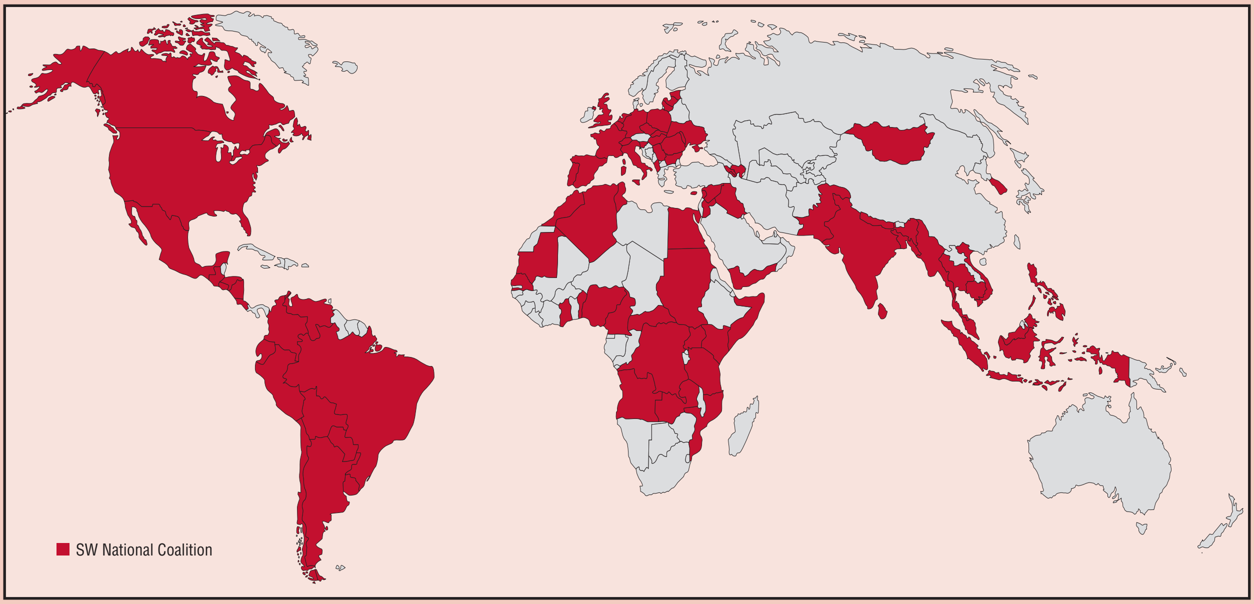
Van Reisen, M. (2001). *The lion's teeth. The prehistory of Social Watch.* Instituto del Tercer Mundo. Montevideo. Available from: <www.socialwatch.org/en/informeImpreso/images/otrasPublicaciones/ZOOM-01-eng.pdf>.

3 Social Watch (2009) *Who Pays? The Global Crisis and What Needs to Be Done,* available from:<www.socialwatch.org/en/avancesyRetrocesos/poster09/index.htm>.

4 The first Occasional Paper by Mirjam Van Reisen, *The Lion's Teeth*, examines the political context in which Social Watch was created. The second, by Ana María Arteaga, *Control Ciudadano desde la base*, analyzes the democratization of international human rights instruments experience in Chile in 1997. The third, a compilation by Patricia Garcé and Roberto Bissio, introduces the experience of monitoring Copenhagen goals through the concrete example of Social Watch. Papers 4 and 5, coordinated by the Social Watch Social Sciences Research Team, address poverty and inequality in Latin America and the links between poverty and human rights. Occasional Papers available from: <www.socialwatch.org/en/informeImpreso/cuadernosOcasionales.htm>.

5 Social Watch (2009) *Learning from Successful Experiences: Summary of the Análisis of Four Case Studies from the Social Watch National Coalitions*, available from: <www.socialwatch.org/en/informeImpreso/publicacion09.html>.

Social Watch in the world



SOCIAL WATCH

COORDINATING COMMITTEE

Emily Joy Sikazwe (Zambia) and Jens Martens (Germany), co-chairs. Nancy Baroni (Canada), Leonor Briones (Philippines), Anas El Hasnaoui (Morocco), Javier Gómez (Bolivia), Arjun Karki (Nepal), Thida Khus (Cambodia), Edward Oyugi (Kenya), Iara Pietricovsky (Brazil), Ziad Abdel Samad (Lebanon), Areli Sandoval (Mexico), Alexandra Spieldoch (United States), Genoveva Tisheva (Bulgaria), Mirjam van Reisen (European Union) and Roberto Bissio (Uruguay, *ex officio*).

The International Secretariat of Social Watch is based in Montevideo, Uruguay, hosted by the Third World Institute (ITeM).

Editor-in-Chief
Roberto Bissio

Editor
Amir Hamed

Production Manager
Ana Zeballos

Associate Editors
Karen Judd, Tina Johnson, Jon Steinberg

Research and Editing
Gustavo Alzugaray, Enrique Buchichio

Social Sciences Research Team, Departamento de Sociología de la Facultad de Ciencias Sociales de la Universidad de la República, Uruguay
Gabriel Errandonea (Coordinator)
Gabriel Gómez, Daniel Umpiérrez, Ruy Blanco

Advocacy Coordinator
Natalia Cardona

Campaigns and Communications
Jana Silverman (Coordinator)
Agustín Fernández

Translation
Soledad Bervejillo, Marcela Dutra, Bachir El Omari, Ana Fostik, Susana Ibarburu, Emilie Jung,
Richard Manning, María Laura Mazza, Alexandra Potts,
Álvaro Queiruga, Alejandra Trelles

Technical support
Arturo González

Web design and development
Andrea Antelo, Ximena Pucciarelli, Ernesto Rapetti

18 de Julio 1077/ 903, Montevideo 11100, Uruguay
item@item.org.uy
Fax: +598 (2) 902 0490 ext.113

Made possible thanks to the funding and support of the European Commission, Oxfam Novib and the Ford Foundation.

This publication has been produced with the assistance of the European Union, Oxfam Novib and the Ford Foundation. The contents of this publication are the sole responsibility of its authors and of the Social Watch network and can in no way be taken to reflect the views of the European Union, Oxfam Novib and the Ford Foundation.

Original layout:
MONOCROMO

Layout:
FORMA ESTUDIO
www.formaestudio.com
Phone: +598 (2) 916 3273

Infographics redesign:
www.icodemon.com

Printed by:
Gráfica Mosca

Printed in Uruguay
Edición hecha al amparo del Art. 79 de la Ley 13.349
(Comisión del Papel)

Dep. Legal:

For orders and requests please contact:

Social Watch
Casilla de Correo 1539
Montevideo 11000, Uruguay
socwatch@socialwatch.org
www.socialwatch.org
Phone: +598 (2) 902 0490
Fax: +598 (2) 902 0490 ext.113

SOCIAL WATCH REPORT 2009

SENEGAL: The environmental crisis resulting from global warming has reduced fishing (...) Fishing is an important source of resources for the primary sector and one of the main sources of protein for the population.

DEVELOPING COUNTRIES: ... the poor spend upwards of 50% of their income on food – the poorest spend 80% or more. The increase in food prices has increased not just poverty, but also hunger.

SUB-SAHARAN AFRICA: ... women continue to be the first to lose their jobs and are increasingly finding themselves engaged in petty informal trading of vegetables and tomatoes as a coping mechanism.

CLIMATE CHANGE: The Least Developed Countries, who contributed the least in pollution, will suffer the most. Many small island developing states may one day just disappear from the map.

LEAST DEVELOPED COUNTRIES: Unprecedented food crises, triggered by soaring food prices and leading to "food riots", have shaken over 30 LDCs, where workers and peasants have become unable to afford food items basic for survival.

ARAB REGION: ... as a result of the food crisis, around 31 million people in the region are hungry (about 10% of the total population).

BENIN: The price of maize, the most widely consumed product, soared 220%.

CAMBODIA: More than 90% of the workers laid off were women from rural communities.

CANADA: ... women are over-represented in part-time and precarious work and are often the first to be laid off.

GHANA: Initial damage has included decreasing exports and remittances from abroad and galloping devaluation.

INDIA: ... there has been drastically reduced growth in personal and consumer loans and industrial production.

MALAYSIA: ... the coming recession could be worse than that of 1997.

NICARAGUA: ... more than 400,000 children could die from avoidable causes as a result of the crisis.

PERU: ... 200,000 layoffs, as well as a fall in the purchasing power of wages and savings.

UNITED STATES: ... many of those fortunate enough to own homes have lost all or most of their equity or are trapped in mortgages that now far exceed the value of their house.

POLAND: ... the growth of the grey – informal – economy will affect women more than men, as they are more often engaged in low-paid jobs, especially in the private service sector.

Social Watch is an international network of citizens' organizations struggling to eradicate poverty and the causes of poverty, to ensure an equitable distribution of wealth and the realization of human rights. We are committed to social, economic and gender justice, and we emphasize the right of all people not to be poor.

Social Watch holds governments, the UN system and international organizations accountable for the fulfilment of national, regional and international commitments to eradicate poverty.