P8_TA(2016)0137

Private sector and development

European Parliament resolution of 14 April 2016 on the private sector and development (2014/2205(INI))

(2018/C 058/23)

The European Parliament,

— having regard to Article 208 of the Treaty on the Functioning of the European Union (TFEU),

— having regard to the Commission communication entitled 'Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries' (COM(2014)0263) and to the Council conclusions thereon of 23 June 2014 and 12 December 2014,

— having regard to the Commission communication entitled 'A Global Partnership for Poverty Eradication and Sustainable Development after 2015' (COM(2015)0044),

— having regard to the Commission communication entitled 'A Decent Life for All' (COM(2013)0092) and to the Council conclusions thereon of 25 June 2013,

— having regard to the Commission communication entitled 'Increasing the impact of EU Development Policy: an Agenda for Change' (COM(2011)0637) and to the Council conclusions thereon of 14 May 2012,

— having regard to the Action Plan for Private Investment in the Sustainable Development Goals (SDGs), outlined in UNCTAD's World Investment Report 2014 ([1]),

— having regard to its resolution of 26 February 2014 on promoting development through responsible business practices, including the role of extractive industries in developing countries ([2]),

— having regard to its resolution of 25 November 2014 on the EU and the global development framework after 2015 ([3]),

— having regard to its resolution of 19 May 2015 on Financing for Development ([4]) and especially its call for the alignment of the private sector with the SDGs,

— having regard to its resolution of 13 March 2014 on the role of property rights, property ownership and wealth creation in eradicating poverty and fostering sustainable development in developing countries ([5]),

— having regard to the report from the Commission to the Council and the European Parliament on the activities of the EU Platform for Blending in External Cooperation since its establishment until end July 2014 (COM(2014)0733),

— having regard to the Paris Declaration on Aid Effectiveness of 2 March 2005 and the Accra Agenda for Action of 4 September 2008,

(1) http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf
(2) Texts adopted, P7_TA(2014)0163.
(3) Texts adopted, P8_TA(2014)0059.
(4) Texts adopted, P8_TA(2015)0196.
(5) Texts adopted, P7_TA(2014)0250.

Thursday 14 April 2016

— having regard to the European Court of Auditors' Special Report No 16/2014 on 'The effectiveness of blending regional investment facility grants with financial institution loans to support external policies',

— having regard to the Busan partnership for Effective Development Cooperation of 1 December 2011 [1], especially paragraph 32 thereof, which refers to the need to 'recognise the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction',

— having regard to the Joint Statement on public-private cooperation [2] and to the Partnership for Prosperity [3], which emerged from the Busan Private Sector Building Block,

— having regard to the Outcome Document 'The future we want' of the Rio+20 United Nations Conference on Sustainable Development of 20-22 June 2012 [4],

— having regard to the United Nations Guiding Principles on Business and Human Rights [5],

— having regard to the United Nations Global Compact and to the OECD's Guidelines for Multinational Enterprises: Complementarities and Distinctive Contributions [6],

— having regard to the Investment Policy Framework for Sustainable Development (IPFSD) of UNCTAD [7],

— having regard to the African Development Bank Group's Private Sector Development Strategy 2013-2017 entitled 'Supporting the transformation of the private sector in Africa' [8],

— having regard to ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy [9],

— having regard to the UNIDO's Lima Declaration: Towards Inclusive and Sustainable Industrial Development (ISID) [10],

— having regard to the ILO Decent Work Agenda,

— having regard to Article 9(2)(b) of the United Nations Convention on the Rights of Persons with Disabilities, which stipulates the obligation to ensure that private entities that offer facilities and services which are open or provided to the public take into account all aspects of accessibility for persons with disabilities [11],

— having regard to the EU Strategy 2011-2014 for Corporate Social Responsibility (COM(2011)0681),

— having regard to the post-2015 development framework, which sees the private sector as the main implementing partner and to its role in the transition to the green economy,

— having regard to the Voluntary Guidelines on the Responsible Governance of Land Tenure, of 2010 [12],

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(1) http://www.oecd.org/development/effectiveness/49650173.pdf.
(2) http://www.mofa.go.jp/mofaj/annai/honsho/seimu/nakano/pdfs/hlf4_5.pdf
(3) http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/idg_home/p4p_home
(4) http://www.uncsd2012.org/content/documents/727The%20Future%20We%20Want%2019%20June%201230pm.pdf
(5) http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
(6) http://www.oecd.org/corporate/mne/34873731.pdf
(7) http://unctad.org/en/PublicationsLibrary/diaepcb2012d5_en.pdf
(8) http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/2013-2017_-_Private_Sector_Development_Strategy.pdf
(9) http://www.ilo.org/wcmsp5/groups/public/—ed_emp/—emp_ent/—multi/documents/publication/wcms_094386.pdf
(10) http://www.unido.org/fileadmin/Lima_Declaration.pdf
(11) http://www.un.org/disabilities/documents/convention/convention_accessible_pdf.pdf
(12) http://www.fao.org/nr/tenure/voluntary-guidelines/en/

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Development and the opinions of the Committee on Foreign Affairs and the Committee on International Trade (A8-0043/2016),

A. whereas the role of the public sector is fundamental to the achievement of Sustainable Development Goals (SDGs); whereas the private sector is the engine of wealth creation and economic growth in all market economies, generating 90 % of jobs and income in developing countries; whereas the private sector accounts for 84 % of GDP in developing countries according to the United Nations (UN) and has the capacity to provide a sustainable base for domestic resource mobilisation, leading to less aid dependency, as long as it is properly regulated, conforms with human rights principles and environmental standards and is linked to concrete long-term improvements in the domestic economy, sustainable development and inequality reduction;

B. whereas according to the Human Poverty Index of the United Nations Development Programme 1,2 billion people earn less than USD 1,25 per day; whereas inequality is rising and, together with poverty, represents one of the major threats to global stability;

C. whereas there is a clear correlation between the development of a strong manufacturing sector and market poverty reduction: a 1 % increase in manufacturing value added (MVA) per capita decreases the poverty head count by almost 2 % ([1]);

D. whereas substantial investments are required, with estimates of the funds needed in developing countries amounting to USD 2,4 trillion more per year than what is currently being spent; whereas private financing can complement but not substitute public funding;

E. whereas 2012 was declared by the United Nations the International Year of Cooperatives, to highlight their role in securing development, empowering people, enhancing human dignity and helping achieve the Millennium Development Goals (MDGs); whereas the cooperative sector worldwide has about 800 million members in over 100 countries and is estimated to account for more than 100 million jobs around the world;

F. whereas micro, small and medium-sized enterprises (SMMEs), which form the backbone of all market economies, face much heavier regulatory burdens in developing countries than within the EU, and most of them operate in the informal economy, which is wracked with volatility and where they are denied legal protection, labour rights and access to finance; whereas, according to the World Bank's 'Doing Business 2014' report, the poorest countries are in fact the ones that are subjected to the most regulatory burdens ([2]);

G. whereas industrialisation (especially through the development of local small and medium-sized enterprises (SMEs) and small and medium-sized industries (SMIs)) is a driver for well-being and development;

H. whereas the 1986 UN Declaration on the Right to Development affirms development as a fundamental human right; whereas the declaration commits to a human rights-based approach, characterised by the realisation of all human rights (economic, social, cultural, civil and political); and whereas the declaration commits also to strengthening international cooperation;

([1]) http://www.unido.org/fileadmin/user_media/Services/PSD/WP4_2014_Industrialisation_and_social_well-being.pdf
([2]) World Bank Group, Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises, 29 October 2013

Thursday 14 April 2016

I. whereas foreign direct investment (FDI) has the potential to contribute to the achievement of Sustainable Development Goals (SDG), as reflected in UNCTAD's proposal for investing in SDGs (an Action Plan for promoting private sector contributions ([1])), provided that FDI is properly regulated and linked to concrete improvements in the domestic economy, notably in terms of technology transfers and the creation of training opportunities for the local labour force, including women and young people;

J. whereas import tariffs play a vital role in providing government revenues and enabling nascent industries to grow within developing countries' own domestic market; whereas import tariffs on processed agricultural products can create space for value addition and job creation within rural economies, while also promoting food security;

K. whereas 60 % of the developing world's jobs are in the informal sector in micro, small and medium-sized enterprises (MSMEs) and whereas 70 % of MSMEs receive no financing from financial institutions, even though they need it to grow and create jobs;

L. whereas 51 of the 100 largest economic entities in the world are corporations, and whereas the top 500 multinational corporations account for nearly 70 % of world trade;

M. whereas the average per capita manufacturing valued added (MVA) of industrialised countries is 10 times higher than that of developing countries and 90 times higher than that of Least Developed Countries (LDCs) ([2]);

N. whereas the fiscal space of developed and developing countries is de facto constrained by the requirements of global investors and financial markets; whereas, according to the IMF, developing countries are particularly affected by corporate tax avoidance, as they are more reliant on corporate income tax for raising revenues than OECD countries; whereas practices which facilitate tax dodging by transnational corporations and individuals are widely used by EU Member States;

O. whereas the High-Level Panel advising UN Secretary-General Ban Ki-Moon on the post-2015 development agenda, which consulted the chief executive officers of 250 companies (with annual revenues of USD 8 trillion) from 30 countries, concluded that sustainability needs to be built into corporate strategies if companies are to be able to take advantage of the commercial opportunities for sustainable growth; whereas the willingness of the private sector to contribute to sustainable development is often hindered by a lack of clear models for enterprises to engage in partnerships with the public sector; whereas the private sector is a potential provider of goods and services to poor communities and people, reducing costs, increasing choices and tailoring products and services to their specific needs, as well as contributing to the spreading of environmental and social safeguards and standards;

P. whereas, in the absence of a widely accepted definition, public-private partnerships (PPPs) can be defined as multi-stakeholder arrangements between private actors, public bodies and civil society organisations (CSOs), which seek to achieve a mutually beneficial public objective by means of sharing resources and/or expertise;

Q. whereas the European Development Finance Institutions (EDFI), a group of 15 bilateral institutions which play an important role in providing long-term finance for the private sector in developing and reforming economies, seek to invest in companies with a spectrum of different development effects ranging from reliable electricity and clean water to providing SME finance and access to markets for small farms;

([1]) http://unctad.org/en/PublicationChapters/wir2014ch4_en.pdf
([2]) http://www.unido.org/fileadmin/user_media/Services/PSD/WP4_2014_Industrialisation_and_social_well-being.pdf

R. whereas PPPs have for decades been a common form of venture in developed countries, particularly European countries and the US, and are today widely used in developing countries by most donors, accounting for roughly 15-20 % of the total infrastructure investment;

S. whereas 2,5 billion people, most of them in developing countries and a majority of them women and young people, remain excluded from business communities, the formal financial sector and property and land ownership opportunities; whereas there is a persistent gender gap of 6-9 percentage points across income groups within developing countries; whereas social dialogue is an important means of supporting gender equality in the workplace and reversing the pattern of under-representation of business communities in developing countries;

T. whereas well-designed and efficiently implemented PPPs have the capacity to mobilise long-term private and public finance, generate innovation in technologies and business models, and incorporate built-in mechanisms to ensure that such partnerships are held accountable to development results;

U. whereas PPPs in developing countries are to date mostly concentrated in the energy, infrastructure and telecommunications sectors, while their potential in sectors such as agriculture, education, green technologies, research and innovation, healthcare and property rights remains largely untapped;

V. whereas nearly two thirds of European Investment Bank (EIB) lending to Asian, Caribbean and Pacific (ACP) countries in the past ten years has been geared towards private sector operations; whereas the EIB Cotonou Investment Facility has been recognised as a unique, risk-bearing revolving fund for financing higher-risk investment in support of private sector development;

W. whereas, although 45 million job seekers join the developing world's labour force every year ([1]), 34 % of firms in 41 countries admit to the fact that they cannot find the workers they need;

X. whereas, in the context of the Agenda for Change, blending is recognised as an important instrument for leveraging additional resources by combining EU grants with loans or equity from public and private financiers; whereas, however, European Court of Auditors Special Report 16 (2014) on the use of blending concluded that, for nearly half of the projects examined, there was insufficient evidence to consider that the grants were justified while, for a number of these cases, there were indications that the investments would have been made without the EU contribution;

Y. whereas manufacturing, with around 470 million jobs worldwide in 2009 and around half a billion jobs worldwide in 2013 ([2]), provides high potential for employment and wealth generation and for decent and highly qualified work;

Z. whereas global wealth is increasingly being concentrated in the hands of a small wealthy elite and it is expected that the richest 1 % will own more than half of the global wealth by 2016;

AA. whereas fair and progressive taxation with welfare and social justice criteria plays a key role in reducing inequalities by shaping the redistribution of wealth from higher income citizens to those most in need in a country;

([1]) Building an Employment-Oriented Framework for Strong, Sustainable and Balanced Growth — in 'The Challenges of Growth, Employment and Social Cohesion', Background Paper for High-Level ILO-IMF Conference, ILO, 2010

([2]) https://www.unido.org/fileadmin/user_media/Research_and_Statistics/UNIDO_IDR_2013_main_report.pdf

Thursday 14 April 2016

Long-term strategy for working with the private sector

1. Acknowledges that private sector investment in developing countries can contribute to achieving the UN Sustainable Development Goals if properly regulated; welcomes and concurs with the Council conclusions of 12 December 2014 on a stronger role of the private sector in development cooperation; welcomes the Commission's initiative to endorse the private sector in becoming, alongside other governmental and non-governmental development organisations and inclusive business models such as cooperatives and social enterprises, an important partner in achieving inclusive and sustainable development in the framework of the UN SDGs, which implies a commitment from the private sector to good governance, poverty reduction and wealth creation through sustainable investment, as well as to reducing inequalities, promoting human rights and environmental standards and empowering local economies; stresses that the different roles of private sector and public sector actors need to be fully understood and recognised by all the parties involved;

2. Calls on the Commission to continue to actively engage in the discussions on Agenda 2030, while recognising the diversity of the private sector and the challenges that are faced in alleviating the poverty of the most marginalised and hardest to reach; deems that any EU policy seeking to involve the private sector in development needs to specify which private sector is being targeted;

3. Emphasises that future partnerships within the 2030 sustainable development agenda must focus more extensively on tackling poverty and inequality; recalls that official development aid (ODA) must remain a key means of eradicating all forms of poverty and of meeting basic social needs in developing countries, and cannot be replaced by private funding; acknowledges the possibilities for leveraging private finance with ODA under conditions of transparency, accountability, ownership and alignment with country priorities and debt sustainability risk;

4. Calls for more public investment in public services accessible for all, especially in the transport sector, access to drinking water, health and education;

5. Believes that the private and public sectors are most effective when they work together in order to create a healthy environment for investment, business activity and the foundations for economic growth; emphasises that all partnerships and alliances with the private sector must focus on shared value priorities that align business goals with the EU's development objectives and observe international standards on development effectiveness; considers that they must be co-designed and co-managed with the partner countries in question to ensure that risks, responsibilities and profits are shared, be cost-effective and have precise development targets, regular milestones, clear accountability and transparency;

6. Welcomes the role played by foreign private sector investment in developing countries in accelerating domestic development; further stresses the importance of encouraging responsible investment which supports local markets and helps alleviate poverty;

7. Supports the work of the Association of European Development Finance Institutions (EDFI), as its members provide capital to enterprises in developing countries through direct investments in companies, as well as indirectly by committing capital to local commercial banks and emerging-market private equity, focusing on micro, small and medium-sized enterprises (MSMEs); urges the Commission to favour these kinds of programmes in its financing and cooperation, as the private sector in developing countries is of utmost importance;

8. Calls for the development of more effective transparency and accountability standards for EU technology companies in connection with the export of technologies that can be used to violate human rights, to aid corruption or to act against the EU's security interests;

9. Stresses that EU trade, investment, security and development policies are interlinked and have a direct impact in the developing countries; reminds that Article 208 of the Lisbon Treaty establishes the principle of policy coherence for development, requiring that the objectives of development cooperation be taken into account in policies that are likely to affect developing countries; calls for all trade and investment policies to be evaluated in terms of development impact, especially with regard to universal access to goods and services of general interest; stresses the importance of improving sustainable development chapters in all future bilateral trade agreements, with a view to including effective reporting schemes for the private sector;

10. Stresses the need to look at how the private sector can be further engaged in the framework of the European Neighbourhood Policy, to help create economic growth and jobs in Europe's neighbourhood, for example through sharing expertise in providing access to capital;

11. Calls on the Commission to promote, support and finance public-public-partnerships as the first option and to include mandatory and publicly available ex-ante poverty and social impact assessments when development programmes are implemented together with the private sector;

12. Calls for the EU to include formal consultation with civil society organisations and with communities directly and indirectly impacted by development projects;

13. Highlights the vast potential of the EU's added value in partnering with the private sector, in close coordination with its Member State and relevant international organisations, many of which have a proven track record in working with the private sector; stresses that a fully functioning market economy, based on the rule of law, remains an important driver of economic and social development and that the EU's development policy should reflect that fact;

14. Welcomes the 'Framework for Business Engagement with the United Nations', which underlines the fact that a robust private sector delivering economic growth is essential for the achievement of the Sustainable Development Goals and that the private sector 'is making important contributions toward shared economic, social and environmental progress';

15. Welcomes the involvement of the private sector in the OECD High Level Forum on aid effectiveness; welcomes, in particular, initiatives in that context taken on innovative ways of leveraging private sector development funding and the Joint Statement made in Busan in 2011 on 'Expanding and enhancing public and private cooperation for broad-based, inclusive and sustainable growth';

16. Welcomes the fact that the proportion of untied bilateral aid has continuously increased, but expresses concern over continued formal and informal forms of tied aid ([1]); calls for the EU and its Member States to implement the commitment they made in the European Consensus on Development to 'promote further untying of aid going beyond existing OECD recommendations'; underlines the growth-creating potential of further untied aid, which would benefit local industries in developing countries; calls for an increase in real aid and for sustainable building of regional/local value chains; calls for further empowerment of local actors and an emphasis on building sustainable regional/local value chains; stresses the importance of local and regional ownership, partner countries' own national strategies and reform agendas, the involvement of development projects and the added value provided by securing local supply chains; believes that development policy has an important role to play in addressing the root causes of the current migration flows towards the EU;

17. Acknowledges also the right of all countries, particularly developing countries, to impose temporary capital restrictions in order to prevent financial crises from occurring as a result of short-term and volatile private financial flows; calls for the removal of constraints on this right from all trade and investment agreements, including at the WTO;

18. Points out that the EU needs to take accessibility into account in its support for the private sector, as the exclusion of large sections of the population, such as persons with disabilities, deprives private enterprises of a market of non-negligible size;

Support for the local private sector in developing countries

19. Points out that SMMEs in developing countries can face much heavier regulatory burdens than those within the EU, and that they lack legal protection and property rights and operate in the volatile informal economy; emphasises, in this regard the importance of land registration systems; stresses the need to promote the local private sector in developing countries, e.g. through access to finance and by promoting entrepreneurship; calls on the Commission, other donors and development agencies to increase their support to build the capacity of domestic SMEs;

([1]) ActionAid (2005): Real Aid, An Agenda for Making Aid Work, p. 4.

Thursday 14 April 2016

20. Calls for the EU to promote nationally-owned development strategies shaping private-sector contributions to development by engaging with the private sector in a development framework that focuses on domestic cooperatives and SMEs and micro enterprises, in particular smallholder farmers, as they offer the greatest potential to drive equitable development in countries;

21. Underlines the need for increased support towards partnering with developing countries to modernise their regulatory frameworks by creating a friendly environment for private initiatives, providing support mechanisms for businesses, while at the same time finding the right balance between creating a climate conducive to investment and protecting public interests and the environment through regulation; notes the need to facilitate the establishment of reliable banking systems and tax administrations in developing countries, capable of providing efficient financial governance and management of public and private funds; calls on partner governments to introduce a sunset clause, whereby redundant measures can be annulled; notes that legislation should be subject to impact assessments aimed at gauging negative job creation and threats to environmental standards;

22. Calls for the EU to strengthen the capacity of developing countries to mobilise domestic revenue in order to combat tax evasion, corruption and illicit financial flows, and in particular to help enable least developed countries and fragile states to build more effective and stable governance institutions, including through the development of fair and effective tax systems; calls, to this end, for the EU to upgrade its financial and technical assistance to developing countries in order to ensure a higher level of transparency and accountability; calls for the EU, its Member States, all the relevant organisations and the developed and developing signatory countries to the 2011 Busan Partnership for Effective Development Cooperation to honour their commitment to intensify their efforts with a view to fighting corruption and illicit financial flows;

23. Calls for the Commission's DG DEVCO to work with DG Growth in replicating regional support structures for SMMEs in developing countries, on the model of the Enterprise Europe Network, aimed at helping them enter legality, gain access to finance and capital, obtain market access and overcome legal obstacles, and supporting in particular the strengthening of the intermediary organisations representing them; highlights the fact that such structures could also become in time launching avenues for local and regional public-private partnerships in areas ranging from agribusiness to vocational training and healthcare programmes, facilitating capacity building, knowledge transfer and experience and the pooling of local and international resources;

24. Reiterates that it is the EU's responsibility to support a fair global tax system, which implies establishing effectively mandatory requirements for public country-by-country reporting of transnational corporations, establishing public registers of the beneficial owners of companies, trusts and similar legal entities, ensuring the automatic exchange of tax information and a fair distribution of taxing rights while negotiating tax and investment treaties with developing countries; considers also that DFIs should only invest in companies and funds that are willing to publicly disclose beneficial ownerships and report back their financial accounts on a country-by-country basis;

25. Recalls that tariff regimes are an essential component of a regulatory environment tailored to pro-poor private sector development and job creation; notes with concern, however, that Economic Partnership Agreements (EPAs) mandate import tariff reduction across a wide range of ACP countries' economic sectors, while eliminating all tariffs on EU imports would considerably lower tariff revenues, in some cases by as much as 15-20 % of government revenues; urges the EU to frame its trade policy in line with the principle of Policy Coherence for Development;

26. Welcomes the EUR 500 million EIB Impact Financing Envelope (IFE) under the Cotonou Investment Facility that allows the EIB to step up its engagement with the private sector in riskier areas and in more challenging environments; deplores the cut in the EIB's lending envelope for Asia; stresses that all EIB investments under the Cotonou Investment Facility should be aligned with country-owned development strategies, in line with the principle of democratic ownership;

27. Highlights the fact that, in fragile states and post-conflict nations, private sector obstacles to development are greater than elsewhere and require a more targeted approach in order to improve the investment climate and remove stifling, obsolete business regulations, predatory behaviours and the high level of corruption; recommends, in this connection, that the Commission engage with partner countries and the private sector in policy reform dialogue, in order to overcome the deep mistrust between governments and the private sector, enabled traditionally by rent-seeking behaviours, cronyism and lack of legitimacy;

28. Calls on the Commission, the Member States and developing countries to step up their efforts to promote the economic empowerment of women and establish support mechanisms for female entrepreneurs; notes that a savings-led approach to the financial inclusion of women has a proven track record; recommends a gender mainstreaming approach in all partnership programmes, combined with entrepreneurship training for women, young people, individuals with disabilities and targeted female business angel networks; calls for increased support to be given to local female entrepreneurs, so as to enable them to gain from private sector-led growth; recommends that measures be adopted to monitor the process relating to the economic empowerment of women, and notes that, according to the IMF, income per capita would increase significantly if women contributed equally with men to the workforce;

Engaging the European and international enterprise sector for achieving sustainable development

29. Highlights the fact that the potential of the private sector's contribution to long-term sustainable development goes beyond its financial resources, experience and expertise, and includes the local establishment of value chains and distribution channels, resulting in job creation, a reduction in poverty and inequalities, the promotion of women's rights and opportunities and environmental sustainability, increased reach and effectiveness, and further access to commercially available and affordable products, services and technology; calls for European development efforts to play a significant role in the implementation of agreed international standards, such as the UN Guiding Principles on Business and Human Rights and the International Labour Organisation standards, including working with enterprises and investors to ensure compliance with the Guiding Principles and the OECD Guidelines on Multinational Enterprise in their business activities and in their supply chains in developing countries;

30. Stresses that social dialogue is essential to ensure that the private sector engages effectively in development; stresses the responsibility of developing countries to support social dialogue between private sector employers, workers and national governments as a way to improve good governance and state stability; calls, in particular, on developing countries to ensure that social dialogue is extended to Export Processing Zones (EPZs) and to industrial clusters;

31. Emphasises that the private sector, and especially local SMEs, must be part of the policy dialogue, alongside all other development partners, in order to facilitate mutual understanding and manage expectations, ensuring efficiency and transparency; underlines in this context the important role of EU delegations in developing countries as a platform for such dialogues; highlights the positive role of cooperatives as catalysts of socially-inclusive development and their capacity to empower communities through jobs and income generation; in particular, points out that workers have formed shared service cooperatives and associations to assist in their self-employment in the informal economy, while in rural areas, savings and credit cooperatives provide access to banking services that are lacking in many communities and finance the formation of small and micro businesses; recognises that the private sector includes actors such as social enterprises and fair-trade organisations, which have social and environmental principles built into their work; calls on the Commission to recognise these efforts in its work on the role of the private sector in development;

32. Calls on the Commission to champion the proposal from investors and other stakeholders to support binding rules on social, environmental and human rights reporting by business, consistent with the EU Directive on Non-Financial Reporting, which are included as one of the new proposed UN Sustainable Development Goals;

Thursday 14 April 2016

33. Calls for the EU to contribute to the reinforcement and building of structures, networks and institutions of domestic private sector actors, especially MSMEs, taking their role in national and regional policy making;

34. Stresses that one of the key constraints in increasing private participation in developing countries stems from the lack of bankable projects owing to weak legal, institutional and fiscal frameworks and enforcement capacities, as well as of resources for investment planning and project preparation; calls for increased technical assistance to the partner countries' public enterprise sector in order to raise their capacity to assume the responsibility for the management of PPPs and claim ownership at the end of the process; stresses the need for the private sector to foresee long-term investment for returns as, depending on their shareholders, they might otherwise lack the long-term vision needed for returns in social sectors that are key for human development;

35. Notes that private participation in infrastructure in developing countries has increased considerably, from USD 18 billion in 1990 to USD 150 billion in 2013; calls for continued engagement in this respect, noting that the lack of access to infrastructure is a key constraint on private sector growth, undermining output and job creation;

36. Highlights the vast potential for PPPs in agriculture, under a clearly defined and strong legislative framework for property rights and land tenure security, to prevent land grabbing and ensure increased and effective agricultural production; welcomes the launch in 2014 of an EU programme to strengthen land governance in African countries; recommends that the EU and its delegations play an increasing role in working with the partner governments, as well as the EIB, the International Fund for Agricultural Development (IFAD) and other similar bodies, in engaging the private sector to develop market-based solutions to agricultural challenges; stresses the need to establish financial incentives to avoid exclusion of poor remote populations and farmers who grow crops that are not of any major commercial interest or that are unlikely to be attractive to agribusiness partners; emphasises that safeguards should include social and environmental risk assessment, consultation with legitimate representatives of the affected communities, with their free, prior and informed consent on the respective project and legal support for these communities when they so need; asks the Commission to accompany projects with monitoring procedures and to negotiate a revision of contracts in cases that have turned out to be harmful to the local population;

37. Highlights also the risks associated with PPPs in agriculture, including land grabbing, which must be prevented; stresses the importance of focusing assistance on small-scale farmers, in particular women; calls on the Commission to couple any PPPs in the agricultural sector involving EU money with comprehensive measures to protect small-holder farmers, pastoralists and other vulnerable land users against the potential loss of access to land or water; emphasises that safeguards should include social and environmental risk assessment as a condition for the launch of the respective project and legal support for these communities when they so need; recommends that G8 New Alliance projects be replaced with initiatives under the Comprehensive Africa Agriculture Development Programme (CAADP); stresses that financial and social compensations must be binding commitments and that alternative development plans should always be taken into consideration;

38. Recommends that the EU continue to support renewable and green energy projects in developing countries, in particular in remote rural areas, in a sustainable manner; welcomes the fact that one of the priorities of the EIB's IFE is investment in energy, widely recognised as a key element in unlocking economic growth in Africa; expects innovative financing instruments to catalyse private sector investment into renewable energy, energy efficiency and access to energy; encourages also the EIB and the European Development Financial Institutions to further finance investment projects in support of climate change mitigation and adaptation in Africa, in line with the EU's commitment and obligations under the UN Framework Convention on Climate Change (UNFCCC); recalls that priority should be given to small-scale, off-grid and decentralised renewable energy projects, to ensure energy access to rural areas, while avoiding the potential negative social and environmental impact of large-scale energy infrastructure;

39. Urges the EU to develop a robust regulatory framework, based on development effectiveness criteria, within which the private sector must operate, including for the promotion of long-term contractual PPPs; urges the EU to only promote PPPs if other less expensive and risky financing options are not available, on the basis of a cost-effective analysis; calls on the EU to implement effective safeguard policies for PPP projects to ensure respect for human rights, including women's rights;

40. Welcomes the achievements made in pooling public-private resources for healthcare and improved access to medicines, and with a view to increasingly tapping the potential for technology transfer in developing countries; recommends that the EU become a facilitator in opening avenues for cooperation beyond access to medicines towards reforming dysfunctional healthcare systems in developing countries; stresses that support for local SMEs/SMIs can be enhanced not only through financing instruments, but also through technology transfers, capacity building, sustainable supplier development and business linkages;

41. Highlights the importance of closing the gap between the education system and the existing job market in developing countries; calls for the Commission to facilitate programmes and support PPPs that involve all the stakeholders concerned, from schools, universities, training centres and private sector actors in order to offer opportunities for training and education that are relevant to the marketplace; encourages the establishment of vocational dual training institutions in which young people, while undergoing a professional apprenticeship programme with an emphasis on practical aspects of a profession, can also have theoretical lectures at specialised professional schools;

42. Points out that developing governments' capacities as regulators must be strengthened to successfully achieve sustainable development;

Principles of engagement with the private sector

43. Highlights the fact that engagement with the enterprise sector requires a flexible approach, tailored not just on the basis of intended outcomes, but also keeping in mind the extent to which local conditions are favourable to private enterprise and investment; recommends a differentiated approach with regard to least developed countries and fragile states; notes that investment and private sector engagement across SDG sectors are highly variable across developing countries; calls on donors to give the majority of their aid to LDCs in the form of grants;

44. Welcomes the criteria outlined in the Commission's communication on the private sector and development for the provision of direct support to the private sector; calls for the setting-up of a clearly defined framework governing all partnerships with the private sector by implementing benchmarks such as actions targeting micro-enterprises, strategies for access to credit and job inclusion for disadvantaged groups, women and young people, which must ensure compliance with the policy coherence for development principle, development effectiveness principles and development policy objectives, specifically poverty and inequality reductions; takes the view that any decision to promote the use of PPPs through blending in developing countries should be based on a thorough assessment of these mechanisms in terms of development impacts, accountability and transparency and on the lessons learned from past experience;

45. Is concerned that safeguards to guarantee the purposeful use of public finance are not always in place; stresses that measurable output indicators, monitoring and evaluation mechanisms must be agreed upon in the preparatory phase of the project while also ensuring that investments comply with international human rights, social and environmental standards and transparency, and that the private sector pays its fair share of taxes; stresses the importance of risk assessment, debt sustainability, transparency and investment protection; highlights the importance of the formal consultative and scrutiny role of national parliaments and of civil society in ensuring full accountability and transparency; recommends that effective access to justice and compensation for victims of corporate abuse should be provided in the developing country where a development project is taking place;

Thursday 14 April 2016

46. Calls on the Commission and the Member States to ensure that enterprises involved in development partnerships are aligned with the SDGs and abide by and respect the principles of corporate social responsibility (CSR); strongly supports the effective and comprehensive dissemination and implementation of the UN Guiding Principles on Business and Human Rights (UNGPs) within and outside the EU and emphasises the need to take all the necessary policy and legislative measures to address gaps in the effective implementation of the UNGPs, including on access to justice; recommends that all enterprises which operate in developing countries provide a level of transparency in accordance with OECD Guidelines for Multinational Enterprises in terms of respecting human rights, positively contributing to the social and environmental well-being of developing countries and cooperating in partnership with CSOs; highlights the need for Member States to draw up national plans to implement the UN Guiding Principles on Business and Human Rights and especially the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;

47. Stresses the need for EU trade and development policy to observe the political and economic policy space of developing countries, in particular in least developed countries, to maintain key import tariffs where needed, and to promote the creation of skilled and decent jobs within local manufacturing and agro-processing industries as possible enablers of higher domestic value-added, industrial growth, export growth and diversification, which are key components of inclusive economic and social upgrading; calls for the EU and its Member States to promote concrete measures to ensure that multinational corporations pay taxes in the countries in which their profits are generated and to promote effective country-by-country reporting by the private sector, thus enhancing domestic resource mobilisation capacities and fair competition;

48. Encourages the EU to support the ongoing process of elaboration of a UN international legally binding instrument on transnational corporations and other business enterprises with respect to human rights, as this will clarify the obligations of transnational corporations in the field of human rights, and of corporations in relation to states, and provide for the establishment of effective remedies for victims in cases where domestic jurisdiction is clearly unable to prosecute those companies effectively;

49. Welcomes the Commission’s view that the strategic pillars of the ILO Decent Work Agenda need to be fostered, as a way to address inequality and social exclusion, in particular among the most marginalised, including women, children, the elderly and persons with disabilities; highlights the need for companies to support fair treatment of workers and secure safe and healthy working conditions, social protection and social dialogue, while enabling a constructive relationship between workers, management and contractors;

The Way Forward: steps to be taken to make the private sector a sustainable partner in development policy

50. Calls on the European institutions and bodies to establish a clear, structured, transparent and accountable framework governing partnerships and alliances with the private sector in developing countries, and stresses that, in parallel with an increased role for the private sector, it is important to develop appropriate safeguards and institutional capacities;

51. Calls for the EU and its Member States to develop a clear and concrete strategy to ensure private sector alignment with the development priorities of national governments and civil society in developing countries;

52. Calls for the setting-up at EU level of sectoral, multi-stakeholder platforms, bringing together the private sector, CSOs, NGOs, think tanks, partner governments, donors, cooperative organisations, social enterprises and other stakeholders, in order to overcome the reservations and the lack of trust among partners and resolve the challenges that inadvertently arise from collaborative development interventions; underlines in this connection the important role of EU delegations in the respective countries as facilitators of such dialogues; notes that the Commission’s proposal to reinforce existing mechanisms, such as the Policy Forum for Development, is a step in the right direction;

53. Recognises the Court of Auditors recommendation that the Commission clearly demonstrate the financial and development additionality of EU grants for blended projects; supports the Commission's intention to expand the scope of blending to include areas beyond infrastructure, such as sustainable agriculture, social sectors and local private sector development if the Commission proves its case; insists, however, that all blending operations must be fully consistent with development effectiveness principles, such as ownership, accountability and transparency, making sure that they pursue the SDGs; calls on the Commission to evaluate the mechanism of blending loans and grants and to strengthen its management capacities with regard to blending projects, as recommended by the Court of Auditors; calls on the Commission to democratise the governance structure of the EU Blending Platform and the regional blending facilities, by properly engaging with all relevant stakeholders at local level, including partner governments, national parliaments, private sector actors, trade unions and local communities; urges the Commission to strengthen the criteria for setting up aid grants and establishing their amounts, and to specify in detail the added value of blending in each of its projects;

54. Calls for an expansion of the current EIB external lending mandate, in order to increase its role in achieving sustainable development and, in particular, to take a more active part in the new private sector strategy, through blending, co-financing of projects and local private sector development; calls, furthermore, for greater transparency and accountability in partnerships and projects associated with the EIB; recalls that EIB financing operations implemented through the Union guarantee granted to the EIB in developing countries should have as their primary objective the reduction and, in the long term, the eradication of poverty; calls on the EIB and the other development financial institutions of Member States to ensure that companies which receive their support do not participate in tax evasion;

55. Calls on the Commission to ensure that partnerships and loans to the private sector in low-income countries and fragile states are associated with direct grants to CSOs and are aligned with the relevant countries' development priorities, in order to ensure citizens' engagement and involve multi-stakeholder processes among CSOs, local governments and trade unions;

56. Calls on the Commission to ensure that all EU delegations have trained and qualified staff actively prepared to facilitate and implement partnerships with private sector actors; notes that the commitment to accelerate the co-location of EIB offices in EU delegations is a step in the right direction; calls on the Commission to apply, in the field, Member States' best practices, whose embassies are commonly a 'first point of contact' for private sector actors;

57. Calls for a stronger commitment on the part of the Commission, when it comes to leveraging its political weight and pursuing avenues of dialogue with partner governments and local authorities, to facilitate a greater and more positive interaction with the private sector; highlights the fact that Country Strategy Papers, National Indicative Programmes and budget support may be the most valuable instruments in spearheading business environment reforms in partner countries and promoting domestic industrialisation; recommends that the EU endorse UNCTAD's Action Plan for Investing in the SDGs; draws attention to the fact that the designing, structuring and implementing of PPPs remains a challenging and complex endeavour and that their success is also dependent upon the enabling environment in which they operate;

58. Emphasises that the responsibility for effective joint action lies not only with the donors and the enterprises involved, but also with the partner governments; calls on the EU to work on strengthening capacity building of partner countries in order to assess when to engage in PPP projects; stresses that good governance, the rule of law, a framework for business reform, anti-corruption measures, public financial management and effective public institutions are paramount to investment, innovation and private sector development;

59. Calls for greater focus on improving donor coordination and joint programming, as well as a central focus on delivering measurable results and development outcomes, in order to maximise the impact of EU development policy and ensure full accountability for development spending;

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60. Instructs its President to forward this resolution to the Commission, the Council, the Vice-President of the European Commission/High Representative of the European Union for Foreign Affairs and Security Policy, the Secretary-General of the United Nations, UNCTAD, UNIDO and the High-Level Panel on the post-2015 agenda.