



EUROPEAN PARLIAMENT

2014 - 2019

Committee on Development

2014/2233(INI)

8.5.2015

OPINION

of the Committee on Development

for the Committee on International Trade

on the external impact of EU trade and investment policy on public-private initiatives in countries outside the EU
(2014/2233(INI))

Rapporteur: Brian Hayes

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SUGGESTIONS

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses that EU trade, investment and development policies are interlinked and 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; emphasises also the importance of ensuring that EU investment policies are oriented to financial choices that include a real assessment of the social impact;
2. Underlines the fact that private investment and finance are likely to be the key engine for sustainable growth, which is projected to be approximately 5 % in developing countries in the coming years; recognises that they can help to support local economies and companies and provide decent jobs – and therefore lead to poverty eradication – provided that FDI is properly regulated and linked to concrete improvements in the partner countries' economies, e.g. through technology transfers and training opportunities for the local labour force; considers, under these circumstances, that public private partnerships (PPPs) may benefit the least developed countries as the disproportionate investment risk does not sufficiently incentivise private investments; emphasises that the future PPPs within the post-2015 development agenda should pursue poverty reduction and other sustainable development goals and should be aligned with partner countries' national development plans;
3. Notes that properly structured and efficiently implemented PPPs can bring many benefits such as innovation, greater efficiency in the use of resources and quality assurance and scrutiny; notes also that PPPs in developing countries need to be assessed on the basis of their capacity to deliver development outcomes and that a fair distribution of the risk burden between public and private sectors is needed; stresses that PPPs in developing countries have until now been concentrated mostly in the energy and telecommunications sectors while private engagement in social infrastructure remains rare; therefore encourages those PPPs that have as their primary objective the achievement of sustainable development goals;
4. Calls for increased technical assistance – including the training of local staff and sharing of technology – to the governments of the partner countries, in order to raise their capacity to claim the ownership of the PPPs and assume their share of responsibility for the management of the PPP projects, by helping them to set up banking systems and tax administrations capable of providing financial governance for and managing public and private funds; points out that in some cases past experience shows that poorly negotiated PPP contracts could add to state indebtedness and urges that the regulatory framework on responsible financing be set up;
5. 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;

6. Is concerned that certain safeguards to guarantee the purposeful use of public finance are not always in place; in particular, notes that the goals of PPP are often defined in a very general way, while criteria for specific, measurable, attainable and timely objectives are usually absent; stresses that PPP should be a tool which rewards responsible behaviour by private firms; accordingly, deems that a strong regulatory framework should be put in place to ensure that these investments comply with human rights, social, environmental and transparency standards while ensuring that the private sector pays its fair share of taxes; points out also that a pro-poor development ex-ante impact assessment, ensuring the rights of the people, particularly access to land, water and basic social services, is needed for each PPP project that benefits from official development aid; stresses that measurable output indicators and monitoring as well as evaluation mechanisms need to be agreed upon in consultation with civil society during the preparatory phase of the projects and effectively implemented; highlights the importance of the formal consultative and scrutiny role for parliaments and civil society in order to ensure full transparency, legitimacy and accountability;
7. Considers that PPPs are an essential innovative solution to the problem of the ever-growing lack of public investment; acknowledges that PPPs may present an organisational and institutional challenge for the public sector because they are complex in nature, requiring different types of skills and new enabling institutions; emphasises, in this connection, the importance of good governance, the rule of law and inclusive, open and transparent public institutions; reiterates the importance of the EU's leadership in reinforcing Sustainable Development Goal 16 on justice and effective institutions in the context of the intergovernmental negotiations on the Global development framework after 2015;
8. Urges the Commission, given that it has indicated its wish to extend considerably the use of blending in future years, to implement the recommendations made in the European Court of Auditors Special Report on the use of blending and to evaluate the mechanism of blending loans and grants, particularly in terms of development and financial additionality, transparency and accountability;
9. Calls on the Commission and the Member States to ensure that companies involved in PPPs respect corporate social responsibility (CSR) principles throughout the whole lifecycle of projects, including by respecting the UN Global Compact on human rights, the UN Guiding Principles on Business and Human Rights, the ILO core labour standards, environmental standards and the UN Convention Against Corruption; considers that account should also be taken throughout the lifecycle of projects of the OECD Guidelines, in particular Chapter IV thereof dedicated to respect for human rights; calls on the Commission and the Member States to establish enforceable accountability mechanisms;
10. 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, as well as 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;

11. Draws attention to the fact that SMEs are the driving force of job and wealth creation in developing countries, generating about 90 % of jobs; considers it indispensable to increasingly engage with both the local private sector – essential for domestic resource mobilisation and job creation – and European SMEs and start-up companies in PPPs in order to mobilise long term finance, generate innovation in technologies and business models and build mechanisms holding the private sector accountable;
12. Stresses that development agencies must ensure that public development finance is used to support the local economic networks in developing countries and is not diverted to promote private firms and multinationals from the donor countries; stresses, in particular, that PPPs should be aimed at building the capacity of domestic micro, small and medium-sized enterprises;
13. Recalls that the European Union is committed to promoting gender equality and ensuring gender mainstreaming in all its actions; urges that the gender dimension be integrated into planning and delivery of PPPs, e.g. by using gender disaggregated data and analysis for targeted investments and by establishing in contracts key performance indicators for benefits to women; calls in this context for increased support to be given to local SMEs, especially to female entrepreneurs, so as to enable them to gain from private sector-led growth;
14. Suggests that the Commission should facilitate multi-stakeholder structural dialogue platforms, involving, for instance, organisations representing workers, entrepreneurs and employers, to build trust and agree common goals among different stakeholders, such as governments, donors, the private sector, philanthropic foundations, local authorities, civil society organisations (CSOs) and non-governmental organisations, so as to create certainty from an investment and administrative perspective; underlines, in this connection, the important role of EU delegations in the different countries as facilitators of such dialogues.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	6.5.2015
Result of final vote	+ : 18 - : 0 0 : 6
Members present for the final vote	Louis Aliot, Beatriz Becerra Basterrechea, Nirj Deva, Charles Goerens, Enrique Guerrero Salom, Heidi Hautala, Maria Heubuch, Teresa Jiménez-Becerril Barrio, Stelios Kouloglou, Arne Lietz, Norbert Neuser, Maurice Ponga, Cristian Dan Preda, Lola Sánchez Caldentey, György Schöpflin, Pedro Silva Pereira, Davor Ivo Stier, Paavo Väyrynen, Bogdan Brunon Wenta, Anna Záborská
Substitutes present for the final vote	Joachim Zeller
Substitutes under Rule 200(2) present for the final vote	Daniela Aiuto, Tiziana Beghin, Julie Ward