Contents

Mimica: Private sector has a key role in reaching the SDGs 4
Report warns against public-private aid ‘blending’ over transparency failures 7
European Development Days focus on private sector 9
Soft drink cold chain delivers vaccines to Africa’s most remote corners 11
Burden faced by Africa’s small farmers masked by focus on migration and poverty 13
Commission is wrong to promote private sector in EU aid policy 15
Arancha González: ‘Fair’ is a bit of a difficult word 17
Digital development plan promotes EU tech laws 19
The massive need for investment in projects of public interest in developing countries cannot be met by the public sector alone, this is why the involvement of the private sector in reaching the SDGs is key, the European Commissioner for International Cooperation and Development told EURACTIV.com in an exclusive interview.

Neven Mimica is Croatia’s first European Commissioner since the country’s EU accession in 2013. He has served as Minister of European integration and as Deputy Prime Minister. He is affiliated to the Social Democratic Party of Croatia.

Mimica spoke to EURACTIV’s Senior Editor Georgi Gotev.

Could you guide us through the many strategies the Commission has adopted regarding development?

The world is changing quickly and it’s essential that we update our strategic framework in the light of global challenges, trends and new global agreements. Let me mention three recent global agreements in which the EU was and is very active internationally: the UN 2030 Agenda for Sustainable Development, including its Sustainable Development Goals; the Paris Agreement on climate change; and the Addis Ababa Action Agenda on financing for Development. As a global leader in development, it is important that we reflect these agreements and implement them within our development policy and all other relevant EU policies. We have done so in our new European Consensus for Development, which for

Continued on Page 5
Continued from Page 4

the first time ever provides a collective vision for development policy for the EU and its member states. You will also find these international agreements reflected in many of our other initiatives, like our proposed European External Investment Plan, the work on the EU’s future relationship with developing countries in Africa, the Caribbean, the Pacific and elsewhere, and our strategic framework for partnering with Africa. Ultimately, we have many interconnected strategies towards a single objective: the fight against poverty.

How could you briefly describe the Commission’s experience with and policy regarding public-private partnerships in development?

The massive need for investment in projects of public interest in development countries cannot be met by the public sector alone. The involvement of the private sector in reaching the SDGs is key. We have therefore an important task to politically support, frame and steer a strong involvement of the private sector and multi-stakeholder alliances.

The Commission looks at supporting new forms of partnerships between national or local authorities, enterprises and NGOs for skills development and the provision of basic services, such as access to sustainable energy, water, health care and education, as well as in the areas of agriculture and nutrition, especially in rural areas, to women and other excluded groups.

During this process, we can provide technical assistance to public institutions to set up legal and regulatory frameworks; support public-private dialogue mechanisms, which may help identify new opportunities or speed up reforms in the regulatory framework; and leverage funding for individual projects, e.g. through covering certain risks of private investments that help fighting poverty and that without some public support would not happen.

But does the Commission have a ‘fixation’ with the private sector? NGOs say PPPs are more expensive than public projects, because private investors must borrow money at commercial rates rather than sovereign borrowing rates. PPPs are also complex to negotiate and implement. Basically NGOs question the merits of this type of development effort. How do you respond?

If the Commission has a fixation, it is with fighting poverty. This is the aim of our international cooperation and development policies. It is evident that the public sector cannot on its own meet all the development challenges. If we look at Africa, the world’s youngest continent, populations grow at such a rate that 18 million new jobs – per year! – have to be created to allow young people entering the labour market to make a living for themselves. In this perspective, how could we not look to the private sector, which today generates nine out of ten job opportunities in developing countries?

We have multiple tools at our disposal to work with the private sector, ranging from small micro credit schemes to large scale guarantee schemes and investment funds, technical assistance support to SMEs, producers and business associations, local and national governments or dialogue at policy level. We are also working with our partner countries to improve the business climate. We do, indeed, believe that for certain types of projects, PPPs play an important part, but this is by far not the only way in which we engage with the private sector.

In relation to PPPs in particular, these consist in associating public authorities and private agents to conceive, finance, implement, manage or preserve a project of public interest. They therefore can take different modalities depending on each case, such as: co-enterprise, concession, BOT (Build, Operate and Transfer), management or service contract, lease.

The role of SMEs in this context is particularly important. These are fluid, small-scale enterprises that make up the majority of business in developing countries, often working closely with the informal sector, which need help to survive. One must be realistic and accept that small-scale producers must find more sustainable structures than their traditional ones if they are to survive in a globalised world. For this reason, the EU supports the value chains approach and aims at supporting formal and informal SMEs to join their supply chains. And PPPs can be one of the instruments to achieve this.

However, a good PPP project takes time and effort. To avoid failure, the important issue in relation to PPP is to balance “due” profit expectations of private actors with legitimate public interests and development outcomes. Beside all potentialities of PPP, there are obstacles and risks which need to be addressed and involve analysis and negotiation – such as the difficulty of delivering PPPs in an unstable policy environment, the environmental risks related to large infrastructure projects, the transparency of processes, the lack of adequate investors, the lack of long term funding, or the adequate analysis of risks and their associated costs.

There are obviously very good examples, but also there are cases of Western companies simply seeking a quick profit, while local smallholders sink back into poverty. The Commission has listed criteria for using public funds to...
leverage private sector engagement. But critics say there is no specific information on how the criteria will be monitored, graded or what penalties will apply if they are violated. Do they have a point?

Looking at the setup of the proposed European Fund for Sustainable Development, which will use public funding to generate private investment under the European External Investment Plan (EIP), there is a system of checks and balances. The investment opportunities – the so-called investment windows – are selected based on their contribution to development goals as well as their commercial viability. Proposals for projects under these windows are assessed using strict criteria, precisely to avoid undesired consequences of the intervention. The EIP will be monitored and evaluated closely, and any wrongdoing would be thoroughly investigated. The Commission has the adequate tools at its disposal to protect public money from being squandered.

MEPs have exposed public-private partnerships which for example support the introduction of GMOs, which doesn’t serve the interests of family farmers. One such example is the so-called New Alliance for Food Security and Nutrition, which by the way receives financial support from the EU. Can you update us on this topic?

The New Alliance established a target of lifting 50 million people out of poverty by 2022, and emphasised the role of the private sector in the promotion of agriculture. The Commission supports and pursues these objectives, having consistently emphasised the need for responsible investment and job creation in agriculture for the benefit of the poor.

It should be noted that the New Alliance is in a process of aligning to the Comprehensive African Agriculture Development Programme, with the active collaboration of the African Union. The alignment to our partner countries’ priorities and policy has proven by far the most effective approach to ensuring ownership and achieving development impact. This is the approach that guides EU agricultural development policy and it is maintained in the New Consensus on Development.

In this spirit, the decision on whether to allow and/or promote GMOs in a particular partner country is sovereign and exclusive to that country. The Commission will focus its efforts on supporting the best policy choices to ensure sustainable poverty reduction.

How do you think the New Consensus on Development will shape tomorrow’s world?

The new European Consensus on Development is important because it represents a shared vision and framework for action for development cooperation for the EU and its member states. You’ll recall that the EU and its member states are collectively the world’s largest donor. With the new Consensus, we now have a much stronger platform from which we can play our part, as part of the wider global effort, in supporting developing countries in their implementation of the 2030 Agenda. The new European Consensus on Development is an important affirmation that Europe is a global leader on development policy and that it is positively engaged in working towards solutions to many of today’s global challenges, including the eradication of poverty and the achievement of sustainable development.
A key plank of future aid funding to meet the Sustainable Development Goals (SDGs) has come under fire in a report which warns against all ‘blending’ partnerships until a raft of alleged failures are fixed.

The study – by the International Trade Union Confederation – warns that the so-called public-private blending instruments are largely non-transparent, usually favour enterprises in the donor’s country, lack monitoring and often fail to ensure decent working conditions.

The damning analysis comes as this year’s EU Development Days conference gets underway in Brussels, with the theme “Investing in Development”.

At least half a dozen events at the two-day ‘Davos of Development’ event are themed around the so-called ‘blending’ financial instruments, which sees donor countries, and bodies such as the EU, providing guarantees to the private sector in order to ‘pump prime’ investments in Africa and the Caribbean and Pacific developing world.

But the 62-page analysis by the Trade Union Development Cooperation Network (ITUC-TUDCN) finds a host of problems with such financial instruments, which have been widely adopted by the development community, as a way of easily and cheaply increasing initial headline investments.

The report – entitled ‘The Development Effectiveness of Supporting the Private Sector with ODA Funds’ – warns starkly: “Development Financial Institutions (DFIs) in the sample are ill-equipped to manage aid flows in line with existing best practices.

“In view of this, it seems sensible
Continued from Page 7

for donors to avoid channelling aid through DFIs until they put systems into place to address the shortcomings identified…"

The review looked at projects from Belgium, the UK, Spain, Germany, the Netherlands, Norway, the US, France and Sweden, and found that in all cases the blending instruments tended to avoid the participation of recipient governments and social partners.

They also found that in six out of the nine samples, there was a “poor performance” in monitoring the results of the aid, and the same result in terms of ‘transparency’ of the aid.

The authors, Javier Pereira and Paola Simonetti, state that “DFIs do not have adequate systems in place to guarantee the ownership of development projects by developing countries’ governments and stakeholders.

“Our assessment shows a general bias towards donors’ economic interests and businesses, which is an outcome of … an explicit mandate to support national enterprises, a biased overarching policy framework (namely, the tendency to operate in less risky countries), and in some cases, the co-ownership of the DFI by private-sector actors.

“Moreover, DFIs are under no obligation to consult with developing countries’ governments or actors in order to align projects with national development strategies and priorities.”

That criticism echoes the complaints of Oxfam last year, which found similar biases in ‘blending’ mechanisms towards the donor countries.

Whilst not opposed in principle, the NGO warned that “it is driven by market incentives, and thus cannot be expected to replace aid”.

According to the OECD, in 2013 some $98bn of aid worldwide was allocated in support of leveraging private sector investment in developing countries.

Oxfam said “it remains to be seen what role public institutions, particularly at local level, will have in oversight and accountability for the arrangement”.

And they concluded that rule changes that allow ‘blending’ are “complicated and unsupported by evidence”.

“The blending of aid with private finance makes it much harder to track and measure impact,” Oxfam concluded.

“A major risk is that a greater share of ODA (Overseas Development Assistance) is diverted to support firms in donor countries with dubious development results, at the expense of aid that could be better spent by developing country partners.”

Those criticisms call into question the central thrust of EU aid policy – the world’s largest aid donor.

In his ‘State of the Union’ address last year, Commission President Jean-Claude Juncker announced a leveraged, ‘blending’ initiative, called the EU External Investment Plan (EIP), focussed on Africa.

The Commission hopes that the €3.5bn initially put into the pot by Brussels would be leveraged up to some €44bn by investment from the private sector.

Part of the rationale for the EIP was to reverse the decline since the financial crisis of 2008 in some member states’ foreign direct investment in developing nations.

Another rationale for helping pump-prime private sector investment was that the cost of setting up a business in the most fragile African countries is three times higher than in non-fragile African states.

Under the EIP, the EU will put in €3.35bn. Through guarantees, that should be leveraged to mobilise €44bn.

The backdrop to the call on the private sector to invest in Africa, and the ACP countries in general, is the United Nations’ 17 Sustainable Development Goals, adopted in 2015 to replace the better-known Millennium Development Goals, and intended to be met by 2030.

Then UN Secretary General, Ban Ki-moon, specifically called on the private sector to step up to the plate when launching the SDGs, saying “Now is the time to mobilise the global business community as never before.

“The case is clear. Realising the Sustainable Development Goals will improve the business environment for doing business and building markets. Trillions of dollars in public and private funds are to be redirected towards the SDGs, creating huge opportunities for responsible companies to deliver solutions.”

Speaking to EURACTIV.com at last year's EU Development Days, Xavier Michon, the United Nations’ Capital Development Fund’s deputy executive, admitted there was a risk of public money subsidising the risk of private companies, but insisted: “When the UNCDF selects a program, they have to be within the local development plans. They have to have a vocation, they are not commercial projects with an immediate high return, they are 5-10 years, with lower returns, and it has to have a transformative element.”
European Development Days focus on private sector

The European Development Days, often called the ‘Davos of Development’ opened on Wednesday (7 June) in Brussels, with many of the VIP speakers stressing that in a difficult international context, the public sector cannot go it alone and therefore the role of the private sector is key.

The two-day event, now in its 11th year, gathered some 7000 participants, becoming the biggest of its kind. Several heads of state and government and other VIPs attended, ranging from IMF chief Christine Lagarde to Evo Morales, the anti-imperialist president of Bolivia.

The highlight of the gathering was the signing of the European Consensus on Development, a strategic document outlining the future of European development policy. The Consensus will apply in its entirety not only to all EU institutions but also to the member states, who commit to working more closely together.

The Consensus on Development aims at combining traditional development aid with other resources, including innovative forms of development financing, leveraging private sector investment and mobilising additional domestic resources for development.

In parallel, an EU-Africa Business Forum was held yesterday, focusing on the key theme “Investing in job creation”.

Commission President Jean-Claude Juncker stressed that Europe remained the world’s largest provider of official development assistance (ODA), but emphasised that development aid was now a “word of the past”.

“It is about partnership, not aid. And it is time we invested more in that partnership,” Juncker said.

EU’s foreign affairs chief Federica Mogherini said that public spending was essential for development, but not sufficient. “We need private firms on board, in coherence with the Sustainable Development Goals,” she stated.

During a panel, the question of what kind of oversight is needed for private sector involvement in

Continued on Page 10
development was asked online. The largest number of votes turned out to be for oversight by civil society, followed by oversight by governments and the EU.

The difficult international context was invoked by many, but Donald Trump was not mentioned by any of the VIP speakers. The Deputy Secretary-General of the United Nations, Amina J. Mohammed, spoke of “the decision of someone to leave the Paris Agreement”.

Climate was also a cornerstone topic. The Prime Minister of Norway, Ema Stolberg, said: “there is no future in where you can keep your job and not care about the climate”. Speaking about his region, the President of the Cooperative Republic of Guyana, David Granger, said that climate change was having a huge impact on the Caribbean. Macky Sall, the president of Senegal, said that developing countries were the first victim of pollution and climate change.

Some of the African leaders present made it clear that they wanted emancipation from the post-colonial practices of Western countries. Alpha Condé, the president of both Guinea and of the African Union, said that a new form of slavery was depleting Africa. He didn’t elaborate. But he said that Africa should alone determine its objectives, and not repeat past mistakes. Condé also stated that Africa should invest in its energy mix using its own means.

Unsurprisingly, Bolivia’s Evo Morales highlighted what he called the success of his nationalisation policies, and repeated his mantra that a country’s riches belong to its people. The President of Ghana, Nana Akufo-Addo, stressed that his country’s policy was to make local enterprises champions in competitiveness for creating wealth and to get rid of foreign aid.

Empowering women and youth was another big topic. The President of Malawi, Arthur Mutharika, spoke about country’s emphasis on promoting women, including in politics. Christine Lagarde chose empowering women as the highlight of her speech.

Many representatives of the foundations of large companies advertised their development, poverty alleviation and climate change projects. Jeffrey Prins, the program manager of the Ikea Foundation, said his company invested in a ‘clean cooking’ project, which he argued has health and climate change benefits, as local populations don’t need to collect wood to cook their meals. Prins said that Ikea committed itself to investing €100 million into climate change alleviation each year until 2020.
A bright idea turned into reality: vaccines are getting to where they are needed, even in the most remote places in several African countries, thanks to specialised refrigeration support from Coca-Cola.

The expansion of Project Last Mile project to deliver life-saving medicines to the hardest-to-reach communities was announced today (8 June) at the European Development Days. The project is a public-private partnership that makes use of Coca-Cola’s supply chain management and expertise to support African governments in reaching the “last mile” to deliver vaccines.

Project Last Mile works in partnership with The Global Fund to Fight AIDS, Tuberculosis and Malaria, USAID and the Bill and Melinda Gates Foundation.

Making vaccines available to a given African country is not the end of the story. Even when they are available, vaccines are often confronted with “thermostability” issues, meaning they should be transported in the cold chain. Pharmaceutical companies make sure that the vaccines they produce can survive a few days outside of it.

“Because ministries of health struggle to distribute drugs, we are working with them to train their technicians on not only to get drugs to where they need to be but getting them in the state they need to be, helping them with refrigeration, Susan Mboya, president of the Coca-Cola Africa Foundation, told EURACTIV.com.

A company like Coca-Cola has the capacity to penetrate African countries down to the most remote areas, providing cool drinks to its clients. Governments could only dream of a cool chain to deliver vaccines of the kind the soft drink company has.

“We don’t put vaccines in the same fridge, but it’s a good symbiosis,” says Mboya, who is a philanthropist and the daughter of one of the founding fathers of the Republic of Kenya, Tom Mboya.

She said that in Tanzania, Coca-Cola has lent technicians to the country’s health ministry, to train it to procure refrigerators, how to maintain them, and how to distribute them to the hospitals that need them, when

Continued on Page 12
they are needed.

EURACTIV asked Adrian Ristow, director of Project Last Mile, who had the idea of the symbiosis between the Coca-Cola cool chain and the safe delivery of vaccines.

“I think it was generated in discussions with the Gates foundation,” said Ristow, who recalled that in the early days of the project, Melinda Gates gave a TEDx talk, in which she exclaimed, “how can you find a Coke, but not medicines at the same destination”. This led to follow-up meetings in the US, between the Coca-Cola company, the Bill and Melinda Gates Foundation and the Global Fund, to explore whether there was some opportunity to learn from the experience of the soft drink company in Africa, to address typical challenges in medical supply chains.

“Coca-Cola maintains a huge asset base of refrigerators across Africa, this is hugely important for this business. So we started analysing the effectiveness of these refrigerators working all the time, and we compared that to the effectiveness of refrigerators working with vaccines, and the required temperature range which I believe if from 2 to 8 degrees,” he said.

What was found is that the performance of Coca-Cola system was a lot higher than of those maintaining vaccines refrigerators, with far fewer breakdowns.

“Coca-Cola had a much more structured process providing preventive maintenance, and being able to identify whenever there was a problem with a refrigerator, how quickly it could be fixed. The minute there is a problem there is a technician who has the necessary spare parts and goes to fix it. This leads to the Coca-Cola refrigerators working virtually all the time,” he explained.

For sharing those practices, a pilot project was first launched in Tanzania, then Ghana. The principle is that the government learns from the experience of the private company in the maintenance of coolers, or procurement and repairing procedure practices.

More recently, Project Last Mile has been working in Nigeria, a country that has had huge problems keeping its refrigerators for vaccines running.

“As you can imagine, a country as large as Nigeria requires a huge amount of competent people around the country,” he said, explaining that the Project Last Mile provides training, helping local experts identify and solve the problems.

Ristow said Project Last Mile was also learning from each country it works in, and sharing its knowledge.

“Conditions in Nigeria are very different to Tanzania for example, (where it) might be the road infrastructure, (or) might be the climate. We refine the processes and share those best practices with whatever government agency responsible for vaccines works with us,” he said.

Asked if work with USAID was negatively affected by the Trump Administration, he said that as the memorandum for cooperation was signed in 2014 for 5 years, and runs to the end of 2019, that the commitment remained in place.

The total amount invested in Project Last Mile by partner organisations is $21 million. The countries covered by so far are Tanzania, Ghana, Mozambique, South Africa, Swaziland, Liberia and Nigeria.
Some 70% of the world’s food is grown by smallholder farmers, the majority in the developing world, who will have to help output double by 2030 to keep up with population growth, a panel of experts at the European Development Days in Brussels heard on Thursday (8 June).

But the plight of these smallholders, often tilling one hectare of land or less, gets overlooked in the fight against global poverty and the media’s focus on migration, a senior figure from the EU’s Development and International Cooperation commission admitted.

Dr Leonard Mizzi, the head of unit for Rural Development, Food Security and Nutrition, warned that, according to world population growth estimates, global food production “would have to double by 2030, and double again by 2050”.

Whilst in the West, farmers are protected – to some extent – by subsidies under the European Union’s Common Agricultural Policy, and federal subsidies from Washington to US farmers, the 70% of the world’s poor who live in rural areas will struggle massively to increase production.

“We need the cooperative movement to be scaled up,” Mizzi told an audience from the public and private sectors at event, “Global Partnerships supporting smallholder partnerships” on the final day of the mammoth conference, organised by the EU.

“The growth in smallholdings are at the heart of our concerns, and at the heart of the EU’s New Consensus on Development”, adding that “We need to build up partnerships across the food chains, if we want success.”

The focus on private sector involvement at this year – and previous EUDDs – has been controversial, with critics contending that the profit-motive is the bottom line for western corporations operating in sub-Saharan Africa.

Continued on Page 14
But Maaike Groot, European representative for the East-West Seed company, which specialises in developing tropical vegetal seeds for the development sector, argued that while the firm was a private company – its mission was to “improve the livelihoods of smallholder farmers.”

The company sold more than 250 million packets of its “$1” seed packs last year, enabling farmers to try lots of experiments with new crops, she said.

“We work at the very start of the food chain, with innovative products to increase the income of smallholder farmers. Yes, they are more expensive than farm [grown] seeds, but they only come to 5% of farm costs, and they double or triple incomes.”

In partnerships with governments, some 34,000 smallholder farmers have already benefitted from the seeds – which are grown in special research labs to meet local resistances and local tastes – and they hope to double that figure within the next few years.

However, as even Groot admitted, with 500 million smallholder farmers in the world, that is a drop in the ocean.

But she said the challenge for the private sector was to “stay around and build markets and distribution networks”, estimating that the best companies make a business case over 5 to 10 years, growing the market until it is profitable.

Henry Msatilomo, a former minister for agriculture in the Malawian government, said the most successful public-private partnerships “started at the farmgate”, but pointed out “We must let the farmer articulate his own agenda and demands.”

One of the problems is both a lack of technology, but also a lack of education, bearing in mind many smallholders farm in the most rural parts, of the most poor nations.

For example, explained Dr Roberto Ridolfi Director for Sustainable Growth and Development at DG Development and Cooperation, in some developing nations, farmers were “not considered a man” unless they grew maize – despite the fact that the crop requires heavy rainfalls, and even though cashew nut crops might be more profitable.

But he pointed out that, with mobile technology, some 50 million farmers could be reached at the click of a button to alert them to a banana pest problem, for example.

Washington Otieno, director of the Centre for Agricultural and Bioscience International (CABI), pointed to his non-profit NGOs scheme for so-called “plant doctors”, whereby smallholder farmers could send a picture by WhatsApp or Telegram to an expert, with a 92% success rate in diagnosing pests and diseases.
Commission is wrong to promote private sector in EU aid policy

The European Commission has engaged in a dangerously mistaken defence of the role of public private partnerships (PPPs) in EU development policy, warns Jan Willem Goudriaan.

Jan Willem Goudriaan is secretary general of the European Public Services Union (EPSU).

In an interview with EURACTIV.com on 6 June and an opinion piece on 7 June, the European Commissioner for International Cooperation and Development, Neven Mimica, gives a dangerously mistaken defence of the role of public private partnerships (PPPs) in EU development policy. He wants the private sector to play a larger part in the EU’s development policies and invest massively in projects of public interest. This, he claims, will be to the benefit of people in developing countries and so the EU should therefore facilitate PPPs.

EPSU, the European Federation of Public Service Unions, does not agree. Based on our experience with PPPs, promoting the private sector through such projects is wrong and costly for people in developing countries.

There are several reasons for our view. Firstly, the well-documented experience with PPPs across the world should make the Commission refrain from promoting them. PPPs tend to be expensive for public coffers, loading countries with more public debt. The experience in the EU itself provides a glimpse of this. One of the first things the IMF/EU/ECB ‘Troika’ did in Portugal and Cyprus was to identify PPPs as a contributory cause of those countries’ fiscal problems. No new PPPs were allowed. It was recognition that they trap public authorities in long-term contracts that divert resources away from developing countries.

There is widespread opposition to PPPs and privatization of public services such as water, health and education.

OPINION

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV.com PLC.

Continued on Page 16
Continued from Page 15

public services and addressing people’s needs.

Another concern is that PPPs lead to issues with corruption. Again the EU’s experience sheds light on this with a European Commission report on corruption identifying public contracts as one of the areas of most concern for EU countries. Meanwhile, the European Parliament’s report on the modernisation of public procurement was equally critical of public-private partnerships, their finance and financial risks to governments. It would be wrong to ignore this and continue promoting PPPs in developing countries.

There is more. Research shows that PPPs do not bring the expected efficiency gains to running public services when compared with public sector solutions. The IMF has suggested a basic approach that when “considering the PPP option, the government has to compare the cost of public investment and government provision of services with the cost of services provided by a PPP.” There is no indication that the European Commission is taking this into account.

The problems that EU member states and candidate countries are experiencing as noted in the EU’s anti-corruption report are exacerbated by the lack of good governance, weak democratic, administrative and judicial systems and underfunded public authorities which do not have sufficient and qualified staff and capacity for control and monitoring. This is an issue in many developing countries and especially in the poorest ones. If the EU’s focus is on eradicating poverty, contributing to this via PPPs rather than strengthening democratic institutions is the wrong focus.

The Commissioner acknowledges that PPPs service private interests, including profit maximisation. He is wrong to downplay this. As the World Bank underlines, PPPs, that means the private sector involvement in development, are all about “closing the financial viability gap between costs and expected revenues, using public resources complemented by legislative and institutional provisions supporting private financing of infrastructure”.

This has a perverse influence on a country’s development. The focus on facilitating PPPs and the role of the private sector diverts scarce resources away from developing public services and infrastructure. Public funds are siphoned off to meet the interests of private companies and their shareholders while the people, and that includes the poor, are asked to contribute to the profit margins of these operators and their rich shareholders. That is plainly wrong.

Finally, there is widespread and broad opposition to PPPs and privatisation of public services such as water, health and education. Many municipalities across the world are abandoning the private sector option to run their public services. Again this is the experience in the EU in capital cities like Berlin and Paris. So rather than promote PPPs the Commission should assist developing countries in how to get out of such contracts.

The Commission has experience with alternatives. It promoted Public-Public Partnerships under the ACP-EU Water Facility – Partnerships Initiative. This allowed public companies in an EU and in an ACP country to develop their expertise and knowledge to improve the running of public services. It has been very popular but presumably for ideological reasons was not extended and expanded.

EPSU does agree with the Commissioner’s support for strengthening the capacity of tax administrations in his opinion piece. Countries can build up revenue to support public services. But before we encourage the private sector, let us ensure the EU has its house in order to prevent tax avoidance. Public country-by-country reporting for multinationals so they indicate what taxes they contribute including in developing countries and closing tax havens are just some of the measures needed.

The interview says the Commissioner is a member of the Party of European Socialists. PPPs are a recipe from the neoliberal cookbook favouring profits over people. They are not a solution to the problems people face. Progressives should stop supporting them and join the resistance to these Partnerships for Private Profit. Believing we can somehow unleash the powerful profit maximisation motive to run our public services and at the same time tame it in contracts is one of the big mistakes of social democracy. Tax avoidance is just one of the many ways how this motive works.

***

The research to which this article is based is documented in Why public-private partnerships don’t work, The many advantages of the public alternative, David Hall, PSIRU, University Greenwich, February 2015
In an exclusive interview, the International Trade Centre’s executive director managed expectations about fair trade, as well as broaching the subject of child labour and transparency in the value chain.

Arancha González is executive director of the International Trade Centre, the joint agency of the United Nations Conference on Trade and Development and the World Trade Organisation.

She spoke to EURACTIV Senior Editor Georgi Gotev.

What is the International Trade Centre doing and how does it compare to other international institutions that deal with aid and trade? As the world gets more complicated and more crazy, what do you do about it?

The International Trade Centre is a development agency that is co-owned by the World Trade Organisation and the United Nations. Our mandate is very clear and very simple: helping small and medium enterprises in developing countries participate in international trade. Because we belong to the WTO, our DNA is that you can use trade as a means to growth. And because we are part of the United Nations, we are very clear that you have to use trade to eradicate poverty. And what we do is essentially empower SMEs, in the bottom of the pyramid, to participate in international trade.

What is at the bottom of the pyramid?

For us, the bottom of the pyramid is the least developed countries, post-conflict and fragile states, sub-Saharan Africa, small island developing states. There, the market is not taking care of helping SMEs and ecosystems around SMEs trade across borders. So what we do essentially is five things. First, with global public good we support the SMEs understand where market opportunities are, which products, which tariffs, which certifications, which prices, who’s competing there. Two, we help SMEs become more competitive. We do this working in countries in specific sectors, company Continued on Page 18
Continued from Page 17

by company. So in country A we work with textiles, in country B we work with sugar, etc. Three is access to credit. We are not a bank, but we are a connector between banks and institutions that lend, and those who need it, helping SMEs understand how to access finance, and helping banking institutions, financial institutions assessing the risks of lending to SMEs. Finally we help companies connect to buyers, to markets.

But who is your counterpart? The government? Or the SMEs?

In countries, we have three types of counterparts. Number one is governments. Number two is trade and investment support institutions. And number three is companies themselves. But we don’t cherry-pick companies. We work on a sector. And in order to identify which sector, we have a dialogue with the government.

Fair trade is easier said than done. When we look at the decreasing prices of coffee or cocoa, this means more child labour, it means a lot for the producers. At the end, the products are costly enough in our supermarkets. How can you make sure there is a fair value chain?

‘Fair’ is a bit of a difficult word. Fairness depends on whom you ask. And the sense of fairness depends on on which part of the value chain you are situated. We prefer to say that we would like to have a better distribution of benefits and costs across the value chain. There are many ingredients to do that. But a very fundamental ingredient is transparency in those value chains. That’s why part of our global public good is to introduce transparency along the value chains, to help the producer understand that markets require certain quality standards, which are very often the standards consumers are demanding. And consumers are not only in the north, they are also in China, in Brazil, in Korea, they are also in the south. As a consumer I want more and more information what’s behind the product I’m buying.

Sometime there is slave labour behind the product.

There is slave labour in the value chains, that’s for sure.

If there was more transparency, probably such products could not be marketed?

We have rules that forbid slave labour but the rules are not enough. What we are saying is that in addition to these rules, and to the mechanisms to enforce these rules, what we need is more transparency. We know for example that in the fishing sector there is slave labour. Then we need more transparency in the fishing products that we buy. At the International Trade Centre we are introducing more and more this concept of transparency, and we are working with partners. We are working with Pepsi Cola at the moment to map their entire supply chain, to put their suppliers online, and to help these suppliers meet certain quality standards, among which there is of course no child labour, no slave labour, there is respect for food safety, for food security. It is also important for Pepsi to understand and be able to manage the value chain, knowing they won’t have, by working with certain suppliers, to face the negative consequences.

Let’s come back to child labour. Say coffee prices fall, this means that children that used to go to school will not go to school. This means that farmers will have no other resource except using their children to work in the fields. If legislation against child labour were enforced, maybe this would not allow prices to fall so low...

But prices are not only dependent on legislation against child labour. Coffee prices are dependent on production and consumption. And production varies a lot. There are years when production is booming in many of the production countries, and the prices go down.

But does it mean there is nothing you can do?

There is a lot you can do. What I’m saying is that prices of commodities like coffee, like tea, are very influenced by climatic conditions. And this is why there is a link between climate change, agriculture, trade and trading conditions. Because if we have more and more countries where production fails, prices would be very high, but jobs will not be available in these coffee plantations which would have disappeared, because there was a flood or a drought. I want to introduce here a concept of climate change, of sustainability, because it has a huge impact on agriculture. Regarding child labour, there are international conventions, but what we know is that these conventions are not enough to eradicate child labour. What I’m saying is that in addition to the conventions, and in addition to mechanisms to enforce these conventions, we need also peer pressure on those value chains, and this pressure can come from greater transparency, to scrutinise what is happening in those value chains.

So transparency is the cure for all diseases?

Transparency is the best disinfectant.
A new European Commission aid plan promises to channel more development funds into building internet networks in Africa, in the hope that the bloc’s fresh privacy and net neutrality rules could become a template for other countries.

The Commission is promoting the digital-focused development strategy as a potential “win-win” for African countries with sparse internet networks and European companies that might invest there.

Andrus Ansip, the Commissioner in charge of EU technology policies, told an EU development days conference in Brussels this week that he wants to multiply the amount of EU aid money earmarked for technology projects.

Currently, the share of EU aid budget allocated for digital infrastructure stood at “almost nothing,” Ansip said.

The plans for beefed up digital infrastructure funds was published last month in a 27-page strategy paper that outlines areas where money already budgeted for development aid could be directed. It does not call for a budget increase, which would require a lengthier approval process.

Ansip insists the plans will affect how EU money is used.

Tens of millions of euros could flow into projects that have already started — without EU money — to build fast fibre telecoms networks in Nigeria, Cameroon, Chad and other countries, the strategy paper said.

“The whole Commission is working on the basis of this document. It means in all those development projects there has to be also a digital component. I believe it will be really useful for all African countries,” Ansip said.

EU’S TWO-PRONGED PLAN: CASH AND STANDARDS

Campaign groups have said the plan signals a shift in the Commission’s
Continued from Page 19

tech policy thinking and could benefit African countries.

“It’s good that the Commission has started to work on bridging the gap between developing countries and developed countries in this area,” Zuzana Sladkova, a policy coordinator at the NGO Concord, told EURACTIV.com.

Ben Wagner, director of the Centre for Internet and Human Rights at the European University Viadrina, said it shows that technology has taken root in other policy areas.

“We can’t even talk about development anymore without talking about digital,” he said in a recent interview.

Ansip also wants the strategy to boost investment in African telecoms networks and said companies could be willing to invest if African countries create more legal certainty.

On top of that, the aid plan could encourage other countries to see European policies as templates for their own laws, according to the Commission’s strategy document.

“Made-in-Europe’ solutions can help address the needs of developing countries and in parallel promote EU policies and standards, as well as create opportunities for European companies to extend their presence in new markets”.

One telecoms industry source said dedicated EU funds were unlikely to attract foreign operators to build internet networks. But policy guidelines attached to the aid money could push African governments to regulate in a way that might make it easier for European firms to invest with or without the aid money.

The strategy document names legal changes the Commission is encouraging in developing countries. Digital technologies need “the appropriate framework (e.g. net neutrality rules, independent regulatory authorities, state aid schemes for rural or low population density areas, etc.) for sound competition for the private sector,” it reads.

“It won’t do everything, but it could be useful,” the industry source said.

Sladkova said the Commission should make sure investors use the EU money to build fast networks.

“They should not use all technologies and sell all solutions. It needs to be the latest ones. Any other change, like going from 3G to 4G in broadband, costs a lot of money,” she said, referring to mobile networks.

EU TAKES LEAD ON NET NEUTRALITY?

An EU-wide net neutrality law was approved in 2015 after intense lobbying and squabbling in the European Parliament. In contrast, the United States’ telecoms regulator is threatening to repeal the country’s net neutrality rules later this year.

“Now that net neutrality is being rolled back in the US, it is crucial to see even more European leadership. The EU should see net neutrality as an integral part of its policies, principles and objectives, whether it affects EU citizens or internet users elsewhere in the world,” Dutch Liberal MEP Marietje Schaake told EURACTIV.

The strategy also says EU aid should “protect human rights, including privacy”. Countries outside the EU will need to prove that their own privacy rules are on par with a strict EU law that is set to go into effect next year in order for companies to transfer Europeans’ personal data abroad.

But Leon Willems, director of the NGO Free Press Unlimited, said the development strategy doesn’t match the ambition of an earlier Commission programme designed to promote internet freedom.

After some governments censored internet users during the Arab Spring protests, the Commission announced in 2011 that it would invest in software to circumvent censorship outside the EU. The programme was later quietly shelved.

“The whole internet freedom domain remains undernurtured, underfunded and unmaterialised,” Willems said.

Sladkova wants the Commission to advise on potential risks of technology in its development programme, like how companies process internet users’ personal data.

“We should be telling developing countries to be careful,” she said.