

Report of the PFD Thematic Webinar “An Economy that works for the people”

Virtual meeting held on 20 October 2020

In the framework of the Virtual PFD that kicked off in July with a series of regional meetings which was followed by a global consultation on programming chaired by DEVCO Director General Koen Doens on September 15th, a second series of thematic webinars sought to refine the PFD’s recommendations to the EU by looking into its key priorities. The first global thematic webinar brought together PFD members and technical experts from all regions to focus on “An Economy that works for the people” on October 20th.

The objective of the thematic webinar was to introduce the framework of the Commission to address inequality in partner countries, as well as to present the means of implementation for private sector engagement (namely blending and guarantees) and to listen to observations and recommendations of PFD members. After presentations and clarifications by Efrem Garlando (Policy Officer - Private Sector, Trade and Investment Unit, DG DEVCO), Filippo Gabrielle la Verghetta (Programme Manager – Investment and Innovative Finance Unit, DG DEVCO) and Françoise Millecam (Head of Sector, Migration and Employment Unit, DG DEVCO), the interactive discussion was organised around the following questions:

- How can the programming and implementation of the EU priorities contribute to reducing inequalities, ensure a just transition and leave no-one behind?
- How can the enabling environment (and thereby the roles and work of civil society and local and regional governments) be strengthened through the implementation of the EU priorities?
- How can multi-stakeholder partnerships (and thereby civil society and local and regional governments) effectively contribute to implementing the EU priorities at global, national and local level?

Key messages:

Inclusion: workers, employers organisations, local businesses, women’s organisations need to be considered in the programming of concrete actions at country level. Promote social dialogue and programmes linked to decent work. Include workers’ and employers’ organisations at the national level to define the priorities of the European Investment Plan (EIP). And be clear about what type of businesses matter so as to promote business models that use more inclusive approaches towards decision-making, care about the environment and are thus socially and environmentally sustainable.

MSMEs drive the economy and need special attention. It is important to remember that the private sector comprises a complex mix of international, local, multinational and SMEs, among which many are doing a great work and having a huge impact on their communities. 90% of businesses around the world are SMEs, entrepreneurs, even artisans at the micro level - who seem to be forgotten in the conversation and are essential for job creation/innovation. It is thus essential to give some kind of priority to enterprises based on sustainable models and those with collective and democratic governance, such as cooperatives, as they reduce financial risk and ensure business continuity in times of crisis, due to the fact that their purpose goes beyond profit and they are directed by participatory decision-making and inclusive governance.

Role of local governments. The role of local governments is key to reach targeted stakeholders in supporting Local Economic Development, even more important in the current move towards geographisation, which requires a strong territorial approach. Decentralised cooperation has a role to play in strengthening capacities of peers on local economic development and improving the local business environment. Local government can do this in a number of ways, including: more coherent territorial approach that regulates access to land for industrial, commercial, and mixed uses; policies that build linkages between the informal economy and the formal system; working with national/federal actors in the promotion of higher value added sectors that create jobs. In this way, local governments support multi-stakeholder partnerships.

Measurement frameworks: There is a need to expand on the monitoring process and determine how you measure impact. How do you, for example, measure the "quality" of jobs created? Develop new indicators on sustainable and inclusive economies, such as support to energy transition, access to clean water and sanitation, support to safe and healthy food, etc.

Looking at **indicators beyond growth and GDP**, while focusing on the kind of variables that are key for the development of the Global South (accessible renewable energy, educational and health facilities, affordable housing).

There are number of human rights and labour rights issues which are **systemic issues** that are not unique to one company or one type of company. Informality, child labour, trafficking, endemic poverty, and so forth.

It is key to address the **informal sector**. As long as more than 60% of all workers globally are informal workers, they remain left out of labour rights, social protection, health and safety guarantees, etc., and therefore impede progress toward reaching the SDGs. An enabling business environment is key to facilitating the transition to the formal sector.

Local businesses and women's organisations need to be considered in programming. The EU priorities could focus on providing **support to women's groups** to advocate for the enactment of gender sensitive labour laws that are in line with international agreements, and resources and tools to actively monitor and address violations. This also requires targeted programmes to support women to unionise and invest in social protection measures, including for the many women in informal occupations currently excluded from legal coverage and facing high poverty risks.

Work directly with **local systems** (local banks, local and regional institutions) to support them to provide access to finance rather than depending solely on EU instruments to provide collateral. Ensure that EU programming respects the local structures and organisations and contributes to a more enabling environment, especially when it comes to promoting an investment climate –which can easily come at the cost of decent wages and labour rights.

Improve procurement processes at local level to foster local economic development, by means of clarifying and simplifying procedures for investor licensing and establishment, e.g. through the development of one-stop centres that provide good customer services. Involve national associations of local authorities to support these capacity development initiatives and to facilitate interaction with national governments.

Better fund LAs. Build on the Addis Ababa Agenda and strengthen domestic resource mobilisation through local tax collection; assist local authorities in gaining access to the financial sector, meaning often enhancing their creditworthiness; improve financial management in local governments through targeted public finance management support programmes (please note that most EU supported projects focus on national levels only).

Multi-stakeholder approach to capacity building: Increase efficiency and capacity within local authorities to interact with the private sector, chambers of commerce, microenterprise associations, informal sector associations, etc. Develop a capacity-strengthening initiative for local authorities and other actors to (i) reduce overlapping mandates, (ii) improve coordination and partnership with higher tiers of government agencies, (iii) support key bureaus with computerised and modern management information systems, and (iv) pilot innovative solutions to the long-term problems of high staff turnover, low skill levels, corruption, and political interference.

Increase donor coordination of country-level **support to civil society**, based on the local needs identified by CSOs and their constituencies instead of being based on donor policies and priorities only. Ensuring a multi-stakeholder approach that includes communities can help avoid a top-down approach that may appear as imposing a vision on development. Through multi-stakeholder partnerships, local civil society organisations and networks, as well as sustainable and inclusive business models, should receive **technical support and capacity-building** and be involved as partners in monitoring the implementation of EU and Member States' external action instruments and policies.

More **structured dialogue with the EU Delegations** should involve all actors. Reaffirming the importance of effective, transparent and inclusive multi-stakeholder policy dialogue on development between CSOs, developing and donor country governments at local, national and regional levels.