

# TUDCN, CPDE and ATUDN PRIVATE SECTOR IN DEVELOPMENT SEMINAR

26-27 MARCH, 2019 PROTEA HOTEL LUSAKA



Prepared by: Alex Nkosi

### **Table of Contents**

.     PRIVATE SECTOR IN DEVELOPMENT IN AFRICA: MAJOR TRENDS AND NEW EVELOPMENTS3
1.1: WELCOME REMARKS, INTRODUCTIONS AND PRESENTATIONS OF
PARTICIPANTS
1.1.1 Remarks from CPDE Representative – Nerea Craviotto
1.1.2 Remarks from the ITUC-Africa Representative – Ms. Hilma Mote 3
1.1.3 Remarks from the ZCTU President, Mr Chishimba Nkole
1.1.4 Official Opening - Mr Moffat Bili, Director of Planning, Ministry of Labour 4
1.1.5 Vote of Thanks – Crescentia, Mafokeng, BWI5
1.2 PRIVATE INVESTMENTS: TRENDS, NEW DEVELOPMENTS AND IMPLICATIONS ON LABOUR RIGHTS
1.2.1 Private Investments in Africa: Trends and Implications on Labour Rights 6
1.2.1 Private Investments: Trends and Implications on Labour Rights – Asia Perspective
1.2.2 Private Investments: Interventions from Fiji – A Pacific Perspective10
1.2.3 Plenary Discussions on New forms of FDIs10
1.3 NEW FORMS OF FDI: THE CASE OF CHINESE INVESTMENTS IN AFRICA AND ASIA- A LABOUR PERSPECTIVE – A PANEL DISCUSSION11
1.3.1 PLENARY SESSION ON NEW FORMS OF CHINESE FDI13
.0 BLENDED FINANCE AND THE DEVELOPMENT EFFECTIVENESS AGENDA14
2.1 BLENDED FINANCE, BASIC CONCEPTS AND PRINCIPLES - PROF FANWELL KENALA BOKOSI, AFRODAD;14
2.2 ROLE OF DFIS IN DEVELOPMENT – HENRY CHIGAIPE, IPRSE
.0 CSO PRINCIPLES AND STRATEGIES ON PRIVATE SECTOR IN DEVELOPMENT16
3.1 GLOBAL DEBATES AROUND THE PRIVATE SECTOR IN DEVELOPMENT16
3.2 STRATEGISING AROUND CSO ENGAGEMENT ON PRIVATE SECTOR IN DEVELOPMENT
.0 CONCLUSIONS AND END OF PROCEEDINGS20
PPENDIX 1: SEMINAR PROGRAMME
PPENDIX 2: LIST OF SEMINAR PARTICIPANTS

### DAY ONE - TUESDAY, MARCH 26<sup>TH</sup>

### 1. PRIVATE SECTOR IN DEVELOPMENT IN AFRICA: MAJOR TRENDS AND NEW DEVELOPMENTS

### 1.1: WELCOME REMARKS, INTRODUCTIONS AND PRESENTATIONS OF PARTICIPANTS

The meeting was called to order at 09:30 hrs with the moderator Mr. Alex Nkosi from the African Trade Union Development Network (ATUDN) introducing the seminar programme. He then called on Ms. Nerea Craviotto from the Trade Union Development Cooperation Network (TUDCN) to deliver welcome remarks.

#### 1.1.1 Remarks from CPDE Representative – Nerea Craviotto

Ms Craviotto welcomed the participants to the private sector in development seminar and gave a brief introduction of the CPDE, its aims and membership. Informed that CPDE is an open platform that unites CSOs from around the world on the issue of effective development cooperation (EDC). She added that CPDE strives to make development more effective by reshaping the global aid architecture and empowering CSOs working on the ground. Informed that all regions of the world are represented in the CPDE and that membership cuts across all civil society sectors, including member associations, CSOs, faith-based organisations, labour and youth organisations.







From left to right: Alex Nkosi (ATUDN), Diego Lopez (TUDCN) and Hilma Mote (ALREI) during the opening ceremony.

#### 1.1.2 Remarks from the ITUC-Africa Representative – Ms. Hilma Mote

Ms Mote, ITUC-Africa representative, was then called upon to deliver her welcome remarks. In her remarks, she conveyed greetings from ITUC-Africa and its 17 million members across the African continent. Welcomed various partners and stakeholders present in the seminar, including officials from the Zambian Ministry of Labour, the World Bank, Africa Development Bank, Global Union Federations (GUFs), regional trade union bodies, AFRODAD, CPDE members' organisations, and research institutes.

Explained that the role of the Trade Union Development Cooperation Network (TUDCN-RSCD) and the African Trade Union Development Network (ATUDN) as that of giving a voice to trade unions in the development process across the globe and Africa, respectively.

She contextualised the role of the network in relation to the role of private sector in development, noting that TUDCN-RSCD is premised on the understanding that trade unions are expected to make input in policy discourses across different sectors and at different input levels- country, regional and continental levels. Noted that the network was also actively inputting in the SDG 2030 Agenda. Expressed willingness to work with government, private sector and CSOs to advance the development agenda.

#### 1.1.3 Remarks from the ZCTU President, Mr Chishimba Nkole

Mr Nkole, Zambia Congress of Trade Unions (ZCTU), was then asked to deliver his welcome remarks. Acknowledged the presence of the government officials representing the Minister of Labour, representatives of the ITUC Africa, TUSCN-RSCD, ATUDN and CPDE.

Thanked seminar organisers for bringing the private sector in development seminar to Zambia. Acknowledged the important role played by the TUDCN-RSCD, particularly in relation to ensuring that the voice of trade unions was heard in the development process and especially in the UN's Agenda 2030. He added that it was important for the seminar to look at the financing dimensions of the SDG agenda. Urged that trade unions and CSO actors around the globe and in Africa needed to rise up and ensure that development initiatives were addressing the needs of the people.

Welcomed the creation of the ATUDN by ITUC-Africa that it was strengthening the voice of workers in the development process. Noted that the effectiveness of the network will be seen in the extent of the trade union holding the private sector accountable, participating in implementation and monitoring of the 2030 Agenda. Called on the participants to interrogate the existing development models in order to ensure that the development path benefits Africa and her people.

#### 1.1.4 Official Opening - Mr Moffat Bili, Director of Planning, Ministry of Labour

The Guest of Honour, representing the Minister of Labour, Mr Moffat Bili then delivered the official opening speech. Acknowledged officials present: Labour Commissioner, the Executive Director of ALREI, and Coordinators of the TUDCN-RSCD, CPDE and ATUDN. Thanked the organisers for exploring the role of private sector in contributing to development and the welfare of society. Welcomed all the international delegates to Zambia. Expressed hope that delegates would harness the diversity of knowledge and experiences gathered together and come up with concrete solutions on the role of private sector in development.

Noted that the seminar was called to look at the different forms of investment in Africa, blended finance and the role of CSO in development. Acknowledged that the objective of the workshop was important in ensuring that the role of private sector in development and financing in of SDGs was well understood and the grey-areas possibly addressed. Paid special tribute TUDCSN-RCSD in organising the workshop.

Noted that the Patriotic Front Government of the Republic of Zambia recognised the role private sector plays in development, and that this was elaborated in the country's Seventh National Development Plan. Emphasised that economic diversification offered Zambia the opportunity to diversify the economy and achieve sustained economic growth. Noted the importance of institutions to ensure that private sector performs efficiently. Acknowledged that private sector ought to equally recognise its important role in social welfare, job creation, tax revenue, and credit provision. Acknowledged that achieving SDGs will require a critical role of private sector.

Noted that multiple crises facing nations urged for a pathway for sustainable good quality jobs, adequate incomes; social cohesion and narrowing inequality gaps, and acceleration of just transitions to low carbon and sustainable economies. Added that private sector plays a critical role in the sustainable development agenda. Noted that as government strive to develop, there has to be a reshaping of the incentive structure to ensure the promotion of an investment agenda that sustained sustainable development – in line with the ILO Future of Work Report. Hence, need for private sector to account for the impact on the environment and communities were they operate.

In conclusion, implored all participants to apply themselves to the objectives of the workshop. Declared the workshop officially open.

#### 1.1.5 Vote of Thanks – Ms Crescentia Mafokeng, BWI

Ms Crescentia from BWI delivered a vote of thanks to the official opening speech. Acknowledged that the speech laid a firm foundation for the discussions that would ensue. Noted that the task before participants was enormous and exciting but that challenges and responsibilities remained. Called for working together across different partners and actors.

### 1.2 PRIVATE INVESTMENTS: TRENDS, NEW DEVELOPMENTS AND IMPLICATIONS ON LABOUR RIGHTS

#### **MODERATOR: DIEGO LOPEZ, TUDCN**

#### 1.2.1 Private Investments in Africa: Trends and Implications on Labour Rights

# PERSENTERS: HENRY CHIGAIPE (IPRSE, MALAWI) AND HILMA MOTE (ITUC AFRICA –ALREI)

The presentation informed that development is a process that involves bargaining, cooperation and contestation among various actors. Noted that the main actors in the development triad were government, private sector and CSOs/ trade unions. Observed that each of the three main actors harbour vested territorial interests which they advance and defend in interactions with others. Maintained that interactions within the triad actors shape key relations that influence development outcomes. Observed that state-business relations depends on how government plays ball with capital. Informed that depending on how government negotiates or collaborates with capital, labour tends to be either content or agitated.



Dr. Henry Chingaipe delivering his presentation.

Noted that, in the context of Foreign Direct Investment (FDI), state-business relations take three main forms as follows:

- 1. **Arms-length:** Either strong state focused on regulation of FDI or weak state with a laissez faire attitude; it can degenerate into predation.
- 2. **Hand -in- hand**: State plays midwifery and husbandry roles in nurturing and maturing private sector investments; develops joint ventures or PPP with FDI (Collaboration/partnership/concertation for development);
- 3. **Too close for comfort**: State doles particularistic incentives to a few FDI outfits ending up in collusive and corrupt relations (State capture)

Informed that any of these forms of state business relations will have implications for labour. Thus, labour will be in constant contestation with the state-business relationship. Noted that if the state is captured by business, then the posture of business will be that of hostility towards labour. Informed that FDI relates to private capital flows from one state jurisdiction to another through investment decisions of foreign investors, often on the basis of trade and investment agreements. Argued that despite the claimed virtues of FDI (technology, knowledge transfer, economic growth effects etc.), empirical vices suggest that FDI can also turn resource endowments into a resources curse, distort economies and can lead to atypical forms of work and violations of labour standards. Hence, the need to effectively govern FDI towards desired development outcomes.

Quoting the World Investment Report 2018, informed that recent trends in FDI inflows across the global economy declined by about 23 percent, with that of Africa declining by 21 percent between 2016 and 2017. Noted that in terms of volumes of investment in Africa the top four countries in 2018 were: Egypt, USD7.4 billion; Ethiopia, USD 3.6 billion; Nigeria. USD3.5 billion; and Ghana. On FDI outflows, noted that the top four African economies in 2018 were as follows: South Africa, USD7.4 billion; Angola, USD1.6 billion; Nigeria, USD1.3 billion and Morocco, USD 1.0 billion. The key message on outflows was that Africa was not investing significantly outside its continent.

On investment policy developments across African countries, observed as follows:

- Economic policy was leaning towards liberalisation;
- o Increasing trend in ceding land and natural resource ownership to foreigners;
- o Number of treaties on investment were decreasing, and
- Countries had initially scaled back on industrial policy but recently the design and implementation of industrial policy was coming back.

#### Key messages on the implications of labour rights arising from new trends in FDI, particularly in relation to mining and export processing zones in Africa, were noted as follows:

- For a long time trade unions were not in discussions on the table on FDIs;
- FDIs have created a race to the bottom among African countries;
- Interest of firms privileged over those of workers;
- FDIs has been a case of dangling carrots with the bait relating to wages and conditions of workers;
- Concessions were undermine trade union rights;
- Expatriation of profits through FDI was rife;
- FDI has not lead to significant job creation as permanent employment has declined although sub-contracted work has increased.

#### Specific issues related to the mining sector were noted as:

- The sector was no longer labour intensive;
- There were no forward and backward linkages, leading to little value-addition;
- Heavy reliance on expatriates;
- Low tax contributions, for instance, in Zambia at about 4 percent of GDP;
- Goods and services used in mines largely imported;
- Unethical business practices and mine tax avoidance commonplace.

Specific issues related to Export Processing Zones (EPZs) were as follows:

- Noted that EPZs are not necessarily bad but it's their governance that remains problematic, especially in Africa;
- Noted that clothing and textiles EPZs are a way of taking advantage of low labour conditions;
- EPZs fence-in workers and fence trade unions out, e.g., in Togo where government labour inspectors are not allowed, in Nigeria for 10 years trade unions are not allowed to organise in EPZs;
- Working conditions in EPZs violate basic ILO decent work standards and AU agenda 2030;
- Wages on the low side in EPZs;
- Poor Occupational Health and Safety (OHS), with increased incidence of workplace injury and disability – due to poor OHS training
- Women are front line victims in EPZs but Government was not protecting them.
- Sexual harassment is predominant in EPZs where in some cases, such as in Ethiopia, evidence suggest physically attractive women were said to stand better chances of being employed than less attractive ones.

The main concluding message was that trade unions are not opposed to FDI but strongly opposed to jobs that undermine decent work and safe and health conditions. Observed that jobs that do not respect labour standards were not a sustainable way to develop Africa.

## 1.2.1 Private Investments: Trends and Implications on Labour Rights – Asia Perspective

## Intervention by Rochelle Porras of CPDE Asia Constituency/ EILER as member of CPDE Private Sector Working Group

Reported the following key trends and what happens within these trends:

- The long existence of communal work in Asia, particularly agriculture work in communal lands which subjected Asian people to colonial capitalism and global capitalism for a long time thereby, undermining fundamental rights and principles at work;
- The increasing ability of private funds to move across national boundaries in pursuit of higher return with huge implications for labour rights and decent work;

- The decline in FDI into Asia in the recent past, leading to an increasing trend to resort to debt financing which has had implications for labour rights;
- The increasing prominence in the role of private sector investment in economic development and in shaping an enabling business environment which has gained prominence, giving rise to the most pressing concern for accountability from private enterprise and the question of how to ensure private sector due diligence and compliance to existing conventions on peoples' rights when on one hand, some corporations are actually more powerful than the states. Urged the need to clearly define what CSOs/trade unions need as accountability from private sector and what mechanisms should be advanced in this regard.
- Increase in authoritarian regimes in Asia with significant impacts on the labour rights. Informed that labour leaders are being increasingly harassed, particularly in the context of martial law that was limiting trade union and labour rights in Asia.
- Corporations in Asia have also used their resources to deter regulation through agreements that are profit-oriented and largely advantageous to corporate elites. Reflected on how, for over two decades, people's movements in Asia have continued to resist mega-free trade agreements that had threatened people's rights and welfare in Asia and the Pacific.
- Maintained that amidst increasing momentum of private sector in development and the developing world, the situation of the Asian workers has remained dire and, in some countries, severely worsened. ILO findings indicate that 21 million people are working in slave-like conditions, majority of whom are exploited by private individuals or enterprises globally. More than half of them are living in Asia-Pacific region, with domestic work, agriculture, construction, manufacturing and entertainment among the major sectors of concern;
- Noted that while remittances from Asian migrates have been significant, the conditions under which migrants serve have remained deplorable.

Concluded that CPDE does not oppose development but is in favour of inclusive and collaborative and democratic development and promotion of national ownership, local values and expertise. Added that this is what FDI largely ignores. CPDE has therefore come up with a charter that outlines what workers and trade unions should focus on. CPDE welcomes development and oppose corporate takeover of development.

#### 1.2.2 Private Investments: Interventions from Fiji – A Pacific Perspective

#### Intervention by Kingi Au'Birththly, CPDE Pacific Region

Noted that the key theme in any development process must be people, people and people. Informed that CPDE in the pacific region endorsed key priorities on inclusive sustainable development as follows:

- o Structural transformation
- o Climate change, and adaptation
- o Sustainability issues, social and economic sustainability
- o Migrant and refugees,
- o Indigenous land ownership
- Remittances

#### Made recommendations as follows:

- Support this CSO-Trade union platform for development effectiveness
- Support strengthening of CSO for development effectiveness
- o Fully support continued capacity building
- o Increased resource development,
- o Consider next meeting to be held in Fiji.



#### 1.2.3 Plenary Discussions on New forms of FDIs

The plenary discussions centred on the following issues:

- **Role of SMEs in development,** emphasizing the the need to focus on SMEs as critical drivers of private sector development, particularly indigenous SMEs.
- Need for advocacy for strengthened labour legislation to protect workers in EPZs, noting that Zimbabwe's experience and the role played by trade unions in ensuring a strengthened legislation on EPZs could serve as an example of best advocacy practice.

- Need for trade unions to be vigilante on the nature of jobs being promoted in green fields. This was in relation to climate change, and renewed energy.
- Call for strengthening the interface between CSOs and trade unions at the national level. This relates to social dialogue.
- Need for advocating for a **human development centred** that respects environment sustainability.



**The Plenary in session** 

- Need to strengthen advocacy around indigenous people's rights with respect to land. This was in the light of FDI and private sector encroachment on land rights for indigenous people
- Need to audit SAP programmes before accepting further externally imposed programmes and new waves of FDIs. Investors not honouring their promises. Need for a strategy to curb such tendencies and hold FDIs to account.
- **CSO** must develop a mechanism to hold governments accountable that are complicit. Need for citizen to citizen collaboration for community abuses. This was in the light of the concern that regulatory labour laws were not being enforced and that incidences of physical torture were on the increase.
- 1.3 NEW FORMS OF FDI: THE CASE OF CHINESE INVESTMENTS IN AFRICA AND ASIA- A LABOUR PERSPECTIVE A PANEL DISCUSSION



#### **Moderator: Caroline Mugala**

### Panellists: Ms Crescentia (BWI), Grayson Koyi (Research Fellow, University of Zambia), Osborne Josiah Jirauni (CPDE, FIJI).

The key messages from the panellists on new form of Chinese FDI and implications for labour rights in Africa were as follows:

- China began investing in Africa in the 1980s but Chinese FDI in Africa has rapidly increased since 2000 following the Chinese 'going gut' strategy that saw the creation of the Forum for Chinese and Africa Commission, FOCAC.
- The lion's share of Chinse FDI is going towards natural resource exploitation, mainly minerals, oil and agriculture.
- The main form of Chinese FDI is natural resource seeking, and to a lesser extent market seeking.
- o Chinese FDI has not significantly contributed to the establishment of upstreamand downstream integrated industry chain, and thus is yet to transform natural resource advantages into sustained economic growth opportunities in Africa.
- FDI is just one aspect of China's going out strategy. China uses a hybrid form of financing tools, thus blurring the classical distinction between aid and FDI.
- These hybrid financing instruments are a mix of trade, investment, and development assistance. They cannot be purely classified as FDI but rather represent tools used by China to support its investment policy.
- Natural resource backed forms of credit are loans usually issued on nonconcessional rates, where the EXIM bank issues lines of credit for finance of infrastructure projects in recipient countries that are natural resource backed: some cases natural resource exports are used as a security pay back loan, in other cases, Chinese companies gain preferential access to a block of natural resources.
- The danger with natural resource backed credit is that African government risk ceding their right to natural resources in an event of default on such credit or loans.
- o The Chinese FDI's implication on Labour rights is well documented: low wages, poor conditions of service, worker abuse, anti-union, labour law violations.
- o Chinese FDI advancing labour practices akin to forced labour.

Key messages on China's investment in Asia and issues concerning workers' and people's rights were as follows

- Dramatic increase in Chinese FDI since 2005
  - Started to manufacture products
  - o Chinese FDI peaked in 2016
  - o Two main types of investments; FDI and construction contract
- Increase in role of private enterprise and state owned enterprises

#### 1.3.1 PLENARY SESSION ON NEW FORMS OF CHINESE FDI



### The key messages from the plenary discussion on new forms of Chinese FDI were as follows:

- TUDCN-RSCD and CPDE must come up with concrete action plans and concrete action steps to counter the negative impact of Chinese FDI, particularly in Africa and Asia.
- Advocacy work must be heightened against natural resource backed lines of credit offered to Africa government through EXIM bank. Noted that these are loans usually issued on non-concessional rates, where EXIM bank issues lines of credit for the finance of infrastructure projects in recipient countries that are natural resource backed: in some cases natural resource exports used as security to pay back the loan, in other cases Chinese company gains preferential access to a block of natural resources.
- Need for a more balanced and objective approach to the analysis of Chinese FDI impacts in Africa and Asia to allay perceptions of biased analysis. Highlight the quality aspect of Chinese FDI. For instance, increase in employment and job opportunities. However, it was underscored that trade union research should not lose track of its positionality because it has has an interest in pursuing Chinese FDI and should not be apologetic about it. China is the new kid on the block but it should not get away with bad practices.
- Undertake comparative studies of Chinese and Non-Chinese FDI. Compare Chinese investment with those from other MNEs, and arrive at more objective conclusions.
- Analyse gaps in recipient country regulatory frameworks
- FOCAC may be a useful platform for trade unions to engage with the AU to build content that ensures that Africa benefits. Instead of the blame game, CSO can build capacities of the AU. Need for CSO to engagement with AU.

#### 2.0 BLENDED FINANCE AND THE DEVELOPMENT EFFECTIVENESS AGENDA

#### MODERATOR: KINGI AU'BIRTHLY, NEW ZEALAND

### 2.1 BLENDED FINANCE, BASIC CONCEPTS AND PRINCIPLES - PROF FANWELL KENALA BOKOSI, AFRODAD.

Informed that a key defining feature of blended finance was that it combines ODA with private or public finance. It plays a catalytic nature. Its aim is to mobilise or leverage development finance. It is anchored on the basic assumption that leveraging attracts others forms of finance. Noted that blended finance mainly takes the form of public with public resource, and blended, and public with private resources or ODA.

Noted that the definition of blended finance remains a subject of debate. For instance that by 2017, the OECD had not agreed on the basic definition of blended finance. However that some defining features include:

- o **Additionality: Financial** necessary to add to the finance.
- Developmental additionality- based on the assumption that sometimes it is not about money but that the understanding that private sector need to come into the development equation.

Noted the following risks of blended finance:

- 1. ODA and development finance inflation
- 2. Diversion from other modalities.
- 3. Blended finance introducing bias towards economically viable sectors
- 4. No significant evidence of success of blended financed project
- 5. Lack of coordination among the donors
- 6. Poor project ownership and accountability

Concluded that "we do not know a lot about blended finance but we need to be striving to know more" - blended finance in itself is not bad but it is about how it is

#### 2.2 ROLE OF DFIS IN DEVELOPMENT – HENRY CHIGAIPE, IPRSE

#### **Definition of DFI**

- Noted that DFI is a financial institution that provides risk capital for economic development projects.
- DFIs occupy an intermediary space between public aid and private investment, 'facilitating international capital flows'
- They are often established by governments or charitable institutions to provide funds to projects that would otherwise not be able to get funds from commercial lenders.

#### **Types of DFIs;** four main types highlighted:

- Multilateral development banks e,g. AfDB
- Bilateral development finance institutions, e.g KFW Germany
- Microfinance institutions
- Community development financial institutions

Added that DFIs are mainly backed by strong developed economies.

#### Main roles of DFIs

- Put through agenda for sustainability, accountability and transparency which government cannot individually archive
- Promotion of inclusive business models
- Bring in private sector in financing development
- Invest in undercapitalised sector such energy and infrastructure
- Invest in underserved projects
- Mobilisation of other investors by sharing knowledge and standards
- Knowledge production through commissioned research

#### Success criteria for DFIs

Noted the following two main success criteria:

- Additionality; doing a counterfactual assessment for development outcomes.
- Catalytic effect- creating a conspiracy for development upstream and downstream as well as horizontal linkages in supply chains. Evidence at best mixed. Otherwise, negative.
- Project sustainability

Concluded that blended finance definition is complex. However, blended finance in itself is not bad but it's about how it is managed.

#### DAY TWO - WEDNESDAY, MARCH 27<sup>TH</sup>

#### 3.0 CSO PRINCIPLES AND STRATEGIES ON PRIVATE SECTOR IN DEVELOPMENT

MODERATOR: Sudi Mauti, Kenya

#### 3.1 GLOBAL DEBATES AROUND THE PRIVATE SECTOR IN DEVELOPMENT

PRESENTER: NEREA CRAVIOTTO, CPDE.

Introduced the context of the debates on the role of private sector in development. Noted that discussions were around the sustainable development agenda and the need to attract private sector to support this process. Informed that this has led to various financing including blended finance. Discussed private sector instruments which include blended finance, and Public Private Partnership (PPPs). Discussed the concept of development finance institutions and reflected on whether DFIs where fit for purpose. Informed about the following existing business accountability mechanism:

- ILO declaration on principles concerning multinational Enterprises and social policy
- OECD guidelines

Noted the following issues at stake, challenges and policy trends within key institutions

- OECD DAC; arena of action
- OECD GPEDC
- European/External investment plan
- United Nations/ILO; arena of action

#### PLENARY SESSION

The following key issues emerged out of the plenary discussion:

- The **issue of development results** are mostly normative raising the question of how can trade unions and CSOs can engage governments to ensure the actual realisation of the development results.
- Implementation plans for actualising business accountability mechanisms formulated at global levels are not known at national and local levels. Acknowledged that constraints continue, including that private sector in advanced countries are still not ready to go into less developed countries because they see it as a huge risk.
- **Negligence of indigenous private sector** pointing to the need to be clear about which private sector was being referred to in the context of Africa. The key question being: Is this transnational private sector or indigenous private sector? Acknowledged that the discussion was in the context of private sector companies from the global north that could meet the criteria and that this is where the

problem comes in. The instruments being promoted are aimed at large private companies in the global north and it appears that these are not willing to bring project in the global south.

- **Taxation and FDI**. The question centred on how best to mobilise domestic resources through taxation. This raised the issue of the incentive structure extended to FDI which bordered on illicit flow and needed to be restructured or the tax regime reformed to ensure it can support domestic investment.
- **State capture by FDI**: concern raised around how to free the state from powerful capture by private sector including through policy instruments
- **PPP implementation difficulties** especially where private sector was weak. e.g. in Tunisia. Trade unions have blocked the PPP law.
- **Business ethics, guidelines and illicit financial flows**: the question was how these address illicit financial flows. The main message was that private sector actors should be highly involved in the fight against illicit financial flows in Africa.
- The role of private sector in sustainable development is critical because there is currently a huge resource gap to achieve the SDG Agenda. Lack of enabling environment in developing countries and lack of appropriate incentives, hence the emergence of blended finance and other platforms aimed at attracting finance towards supporting sustainable development in developing countries. BDFs
- Local development finance institutions in Africa exist and these must be brought into the discussions and debate on the role of private sector in development. These need to be paid attention to. These have a lot of challenges including regulatory framework and other constraints to the cost of doing business.

### 3.2 STRATEGISING AROUND CSO ENGAGEMENT ON PRIVATE SECTOR IN DEVELOPMENT



**Diego Lopez making his presentation** 

#### **Presenter: Diego Lopez**

Noted that global partnership for effective development works around four guiding principles:

- 1. Ownership of development priorities by development countries
- 2. Focus on Results focus on lasting impacts
- 3. Inclusive development partners
- 4. Transparency and accountably- mutual accountability to intended benefits of development

Informed about what global partnership has been doing so far, noting the following:

- Mainly engaging with private sector partners and partner interest countries. This is under private sector engagement.
- Monitoring system setting a monitoring process focussed on a country level through a multi-partner process, e.g. measuring the quality of Public-private sector dialogue.
- Country ownership-
- Focus on results
- Inclusive development
- Transparency and accountability

Gave some highlights of a research done on "mapping of donors"

#### 3.3 GROUP WORK REPORTS



Conference participants engaged in serious group discussions

#### **Discussion Questions**

- 1. What are the priorities areas of engagement with private sector?
- 2. What should be key CSO messages?

#### **GROUP 2 Reports**

**Question 1: Priorities** 

- Respect of human rights
  - o Right to work
  - o Right of women and children

- o Right of people with disabilities
- Creation of jobs
- o Respect of principles of accountability and transparency
- o Provision of basic social services education, environment
- o Involve local communities in private investments

#### Question two: key messages for private sector

- Urge private sector to respect norms of social organisation
- Motivate private sector to favour job creation, and use of local manpower
- Urge private sector to implement project aligned to local priorities
- Facilitate access to finances to all organisation especially women entrepreneurship
- Participate management in programmes
- Urge private sector to stop illicit flows of capital

#### **GROUP 1:**

#### Question 1: Key priority areas

- Respect indigenous people's rights
- Call government to be accountable and committed to human rights.
- Bring CSO and TUs to work together at country level
- More research to build counter narratives
- Give more attention to the role technology and ICT
- Build alliance and synergize efforts between CSO and TUs
- Ensure of land appropriation

#### Question 2: Key messages for private sector

- Private sector investment should be compliance with international standards of workers rights
- Enforce provisions of good agreement at the international levels, workers' rights
- Expand space for unionising in private
- Follow up workshop on the role of private sector in development

#### **GROUP 3**

#### Question 1: key priority areas

- Protection of environment
- Business should take human right-based approaches at all levels
- DFI should have good mechanisms for identifying if its good to support private sector development. Eligibility rules should be implemented
- Biding rules on DFs for eligibility
- Ensure that private sector involvement is corruption free
- Involve more people in private sector development
- Deal with child labour issues in MNCs
- Taxation system should be fair between people and MNCs, tax justice system

- Impact of private finance should be subjected to higher ethical standards
- Social dialogue should be
- Political will for corporations to transfer technology
- The role of local private sector should be recognised

#### **Question 2: Key messages**

- PSE principles must built on the common understanding
- Ensure indispensable role of state
- Prioritise partnership at local level
- Democratic representation of all actors
- Put in place mechanism for ensuring corruption free private sector development
- Ensure enabling
- Emphasis on human rights based approaches at all levels
- Operationalise CPDE manifesto

#### 4.0 CONCLUSIONS AND END OF PROCEEDINGS

The seminar proceedings were summarised and concluded by Nerea Craviotto

#### **Key messages:**

- Dangers of natural resource-backed Chinese credit
- Qualify of FDI
- Role of private sector on development
- Accountability and transparency in private sector development
- Enabling environment for the growth of private sector
- Mechanism for ensuring that blended finance contributes to sustainable development
- Strengthen collaboration among CSO and Trade unions ( sharing of analysis and
- Evidence-based research, organise across regions; mobilise resources
- Replicating the workshop in other regions

#### 5.0 CLOSING OF WORKSHOP BY COMAS MUKUKA, SG ZCTU

Thanked the resource persons for their input into the workshop, and the active participation of all participants. Thanked CPDE for the partnership and for making the workshop successful, Lauded the collaboration between CPDE and TUDCN-RSCD. Urged the organisers to ensure that outcomes of the workshops are monitored to fully actualise the efforts and objectives of the workshop. Wished all participants safe travels back home, and officially closed the workshop.

