LEVERAGING EU EXTERNAL INVESTMENT IN LDCs TO HELP ACHIEVE SDG 8:
IOE Comments on the EU's external investment plan in Africa
and EU Neighbourhood countries

In its June 2016 communication, the European Commission highlighted its intention to set up a new EU External Investment Plan (the Plan) as part of the “EU new Partnership Framework with third countries under the European Agenda on Migration”. The aim of this plan is to support investments in Africa and EU Neighbourhood countries as a means to contribute to the achievement of sustainable development goals, while tackling some of the root causes of migration and forced displacement.

The External Investment Plan will be based on three pillars:

- **Pillar 1** - a European Fund for Sustainable Development, which will combine existing European Union blending facilities for Africa and South/East Neighbourhood countries, and include the provision of guarantees to crowd in private sector investment and leverage International Financial Institutions (IFIs) in support of investments;
- **Pillar 2** - technical assistance to help local authorities and companies develop a higher number of sustainable projects and attract investors; and
- **Pillar 3** - a range of dedicated thematic, national and regional EU development cooperation programmes combined with structured political dialogue targeted at improving the investment climate and overall policy environment in the countries concerned.

On 29 August 2016, the International Organisation of Employers (IOE) participated as the global voice of business and employers in a consultation session to discuss concrete ways for civil society stakeholders to contribute to the successful implementation of the Plan.

The private sector, through the IOE, welcomes the establishment of the Plan. The organisation particularly commends the EU’s approach because it aims to leverage EU external investment in EU Neighbourhood countries and in Africa to help achieve SDG Goal 8 of promoting inclusive and sustainable economic growth, employment and decent work for all. The Plan further encourages and supports the essential factors necessary for business to grow, most visibly in Pillar 3, which highlights that the Plan is targeted at improving the investment climate and overall policy environments in the countries concerned.

In reviewing the Plan, the private sector views **Pillar 3 as essential** because there can be no private sector job creation without enterprises, and for the private sector to be able to create and sustain productive and sustainable jobs, it requires:
- A conducive environment for enterprise creation and development
- Stable macro-economic conditions that facilitate access to finance and guarantee fair competition
- Political stability
- Economic predictability
- Infrastructure (road, rail, water & sanitation, airports, seaports, ICT)
- Reducing red tape and bureaucratic obstacles
- Policy coherence in economy, finance, trade & investment
- Incentives for domestic and foreign direct investment
- Attracting investments to job rich sectors such as agriculture

The role of the private sector, particularly SMEs, is critical. In this regard, EU initiatives such as AgriFi and ElectriFi play important roles as catalysts, particularly in rural areas, and should be replicated.

As such, it is important for the Plan not to be seen in a vacuum, only focusing on investment and economics. A sustainable climate requires strong institutions, and for business this means having strong employers’ organisations. Building institutions of social dialogue such as employers’ organisations helps to promote accountability and good governance. Effective employers’ organisations are an essential support to business. For this reason, the IOE has partnered with the EU to strengthen the capacity of employers’ organisations, particularly in LDCs, so they can become strong advocates and work with their government to create an enabling environment for business. More initiatives like this are needed.

Having strong business institutions engaging in responsible social dialogue in Africa and EU neighbourhood countries can foster a sustainable climate which is essential for job creation. To this end, IOE member federations in Africa have launched a Blueprint for Jobs in Africa and will soon launch a Jobs for Africa Foundation aimed at creating opportunities for young people to enter the job market in Africa rather than risking their lives crossing the Mediterranean to look for opportunities in Europe.

Equally important is the need to focus on building the productive capacity of LDCs. Free trade agreements such as Economic Partnership Agreements (EPAs) and multiple investments serve a limited purpose if no effort is made to build productive capacity by focusing on the competitive advantage of each country. In this vein, focus and priority should be given to local investment and private sector processes.

The IOE also calls on the Plan to promote a holistic approach rather than a top down approach. There are large percentages of unemployed youth, yet vacancies in the private sector exist. This points to a mismatch between education and training and the needs of enterprises. There needs to be better preparation of labour within education and training systems, and institutions must listen to the needs of business in increasing human capital, monitoring skills gaps and anticipating future shortages. The IOE was instrumental in the creation of the Global Apprenticeships Network (GAN) which supports work based training/apprenticeships for youth in partnership with major companies to give them that first job opportunity. GAN national
networks (GNN) have been launched in Turkey, Malawi, Indonesia, Spain, Argentina and Tanzania, among others. The IOE encourages more flexibility for business to provide on-the-job/in-company training and active labour market programmes. Additionally, there should be more emphasis on the development of entrepreneurial culture.

The IOE is also deeply involved in the Global Forum for Migration and Development as the Secretariat of its Business Mechanism. The mechanism is focused on articulating business priorities and bringing business expertise to the table in a dialogue that includes governments, the private sector, and civil society; to promoting more transparent, effective and humane migration policies; jobs for migrants and skills for business.

The IOE encourages a participatory approach to development cooperation with the private sector to address the needs of countries, whereby the private sector is consulted and involved in investments and initiatives.

As a global employers' organisation, the IOE has contacts with all its member federations in EU neighbourhood countries, in Africa and LDCs and therefore represents a good first point of contact for identifying stakeholders.

The International Organisation of Employers (IOE) is the largest network of the private sector in the world, with more than 150 business and employers' organisation members. The IOE also supports Multinational Enterprises (MNEs) through three company networks with more than 40 MNE participants. It supports and represents the worldwide business community as the global voice of business in international labour and social policy forums with the aim of ensuring that such policy promotes the viability of business.