



**COUNCIL OF
THE EUROPEAN UNION**



Council conclusions on the role of the private sector in development

*FOREIGN AFFAIRS Council meeting
Luxembourg, 23 June 2014*

The Council adopted the following conclusions:

- "1. Recalling its Conclusions on the “Agenda for Change” and on the “EU common position for the First High Level Meeting of the Global Partnership for Effective Development Cooperation”, the Council recognises that the private sector is the key driver of employment, growth, investment, trade and innovation and that it has a central role to play in achieving poverty reduction, sustainable development and inclusive growth.
2. In this context, the Council welcomes the principles and priorities of the Commission’s Communication on “A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries”, which outlines proposals for how the EU and its Member States can work together with other development partners, by supporting private sector development in partner countries and by engaging with the private sector to boost the development impact of its activities.
3. The Council underlines that EU and Member States’ support for private sector development should be based on the Busan principles for effective development cooperation. It should also be in line with a rights-based approach to development cooperation, encompassing all human rights, and should also be in line with internationally recognised guidelines and principles including, inter alia, the UN Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises as well as with the UN Global Compact.
4. The Council stresses that investment, trade and business activities in and with partner countries should respect human and labour rights, safeguard children’s rights, promote decent work and sustainable development and contribute to the economic and social empowerment of youth and of the poorest and most vulnerable, in particular of women and girls. These activities should also promote social dialogue and adhere to the principles of corporate social, fiscal and environmental responsibility, transparency and accountability and should be in line with the aforementioned internationally recognised guidelines and principles. In this respect, the Council calls on the Commission to develop a successor to the EU Strategy 2011-2014 for Corporate Social Responsibility, with a strengthened external dimension. Moreover, the

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Council underlines the importance of combating corporate tax evasion and avoidance and of promoting fair and ethical trade. The Council stresses that EU and Member States' policies related to private sector development should be consistent with the principles of Policy Coherence for Development (PCD).

5. EU support should aim at boosting poverty reduction efforts and decent job creation, spurring market development, supporting improved access to markets, including regional markets, generating tax revenues, contributing to the transformation towards an inclusive and green economy and ensuring a fair distribution of risks, costs and returns, while at the same time promoting untied aid and avoiding market distortions. Taking into account the diversity of private sector actors and of local, national and regional contexts, the Council notes the need for a differentiated and context-specific approach to private sector development.
6. Efforts to address key challenges for private sector development in partner countries, including in fragile and conflict-affected states, should be reinforced by appropriate policy and political dialogue aimed at fostering an enabling environment and institutions for sustainable business and investment activities and to create a level playing field for improved competitiveness, building on comparative advantages. In this regard, the Council underlines the importance of good governance, the rule of law and transparency, the fight against corruption and illicit financial flows, as well as of legal and regulatory reforms and the administrative capacity of local and national authorities, notably on trade, investment, taxation, and the ability to enforce property and land rights. Private sector development efforts in both Low and Middle Income Countries should be conducive to a stable, pro-business environment which provides incentives for transition from the informal to the formal economy, with a view to reducing poverty and inequality.
7. The Council calls for increased focus on support to micro-, small- and medium-sized enterprises (MSMEs), as well as to social enterprises and cooperatives, in both the formal and informal sectors. The Council recognises the need to place particular emphasis on women's and youth entrepreneurship and employment and their ability to access resources and participate in decision-making. Technical and vocational education and training is crucial and should be effectively linked to the local labour market and skill needs.
8. Financial inclusion and access to finance of the private sector, including MSMEs, in partner countries should be enhanced through the use of a broad spectrum of financial services and innovative financial instruments and mechanisms, which are important means for leveraging additional resources for development. With respect to blending activities, the Council looks forward to receiving a report by the Commission on the work of the EU Platform for Blending in External Cooperation (EUBEC).
9. The Council notes the need to strengthen the private sector's engagement for development, including through innovative and soundly framed and managed public-private partnerships, notably with a meaningful role for CSOs. It also underlines the importance of inclusive business models and enhanced dialogue between national and local authorities, private enterprises, social partners, the civil society and academia, in light of their joint responsibility in achieving development objectives. The Council recognises the important role that diasporas can play in this context. Moreover, interaction between private enterprises in the EU and partner countries should also be strengthened.

10. The EU will continue to support and promote an active role of the private sector as a strategic and accountable partner in the formulation and implementation of an ambitious, universal and transformative post-2015 agenda.
 11. The Council calls on the Commission and the EEAS to continue to monitor, measure and evaluate the impact of projects and programmes related to private sector development in partner countries, including through the EU development and cooperation results framework, once finalised, and looks forward to regular reports on progress achieved in strengthening the role of the private sector and its impact on development.
 12. The Council looks forward to continued discussions on tools and modalities in view of the operationalisation of the actions set out in the Communication, paving the way for the comprehensive application of the principles and criteria proposed by the Commission."
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