

**CSO letter on the European External Investment Plan ahead of the Foreign Affairs Council
of 28 November 2016**

Dear Minister,

We are writing to you regarding the proposed plan to create a new European External Investment Plan (EIP) and in particular the proposals related to Pillar 1 of the EIP – the European Fund for Sustainable Development (EFSD) - relating to ramping up the use of ODA for guarantees to leverage in more investment.

We are concerned that the proposals, requiring legislative modifications under the mid-term review of the Multiannual Financial Framework (MFF), are being pushed through too quickly and with too little consideration of the risks and opportunities. There is little learning from previous experience and other investment instruments, or robust debate and consideration of appropriate safeguards. The framing and rationale for the EIP also seems to be tied to a particularly negative formulation of and understanding of migration (as a negative phenomenon to be stopped at all costs) as well as a potentially flawed understanding of the interaction between development and migration. As such, the EIP risks being seen more as an instrument of EU foreign policy than as a development instrument.

More fundamentally, the proposals seem to make some challenging and perhaps unsubstantiated claims assuming a necessary link between investment, job creation, growth, and development. Investment and economic growth do not automatically lead to human or social development, nor is there any automatic guarantee that the jobs created could actually provide a decent living and resilient future prospects for the local people. It is especially difficult to establish such links in fragile states. The EIP does not contain sufficient commitment or safeguards to ensure decent and ‘green’ work for those who need it most, nor does it adequately reflect international climate objectives to align financial flows with low-greenhouse gas emissions and climate resilient development. This example also points to a broader issue that future proposals could address in ensuring that other safeguards and standards (i.e. women’s rights, sustainable investment, etc.) are also met.

The proposals for the EIP also risk encouraging the ‘re-tying’ of substantial amounts of EU aid – at the expense of investment in long-term public services’ capacities in vital social sectors that are crucial to create the basis of inclusive, sustainable economic growth and development. More thinking and learning is also needed to ensure that the EFSD can deliver genuine and sustainable long-term human and social development within planetary boundaries and that it is targeted at the people and places that most need it.

We therefore urge you to:

- Put poverty eradication at the core of the EIP’s missions and operations.
- De-link the EIP from European migration control and foreign policy objectives.
- Strengthen measures to ensure development additionality including minimising risks for people and the environment by meeting standards of decent work, women’s rights, human rights, civic space and equality and UN conventions on the environment and biodiversity.
- Better development additionality can also be encouraged by prioritising investment in local businesses and companies with a particular focus on micro, small and medium enterprises (MSMEs).
- Establish more stringent standards and eligibility criteria for funding including development effectiveness principles and to make sure that all projects financed under the EIP are climate proof.
- Ensure greater transparency and accountability, for example by proactively disclosing information and by adopting a multi-dimensional approach to outcome measurement – i.e. quality of jobs not just quantity – as committed to in the UN Sustainable Development Goals (SDGs).

- Learn from past experiences, including the track record of the European Investment Bank (EIB), the Investment Plan for Europe and the evaluation of the EU blending facilities, to develop better best practice for the EIP.
- Establish robust, transparent and inclusive monitoring and evaluation systems, grievance mechanisms and a common standard for reporting including reporting to IATI.
- If the EU is serious about implementing the 2030 Agenda for Sustainable Development and Paris Agreement, it should start by making its external investment policy coherent with the SDGs, poverty eradication and climate action.

We hope to have the opportunity to discuss this with you.

Yours sincerely,

Natalia Alonso
Deputy Director of Advocacy & Campaigns
Oxfam



Amy Dodd
Director, UK Aid Network



Xavier Sol
Director, Counter Balance



Céline Mias
EU Representative and Head of Office
CARE International



Joan Lanfranco, Advocacy Officer
Trade Union Development Cooperation Network
(TUDCN-ITUC)



Floris Faber, Director
ACT Alliance EU



Laura Sullivan, Director for Europe
ActionAid



Alexandra Makaroff, EU Representative
Plan International



Anna Roggenbuck, Policy officer
CEE Bankwatch Network



Wendel Trio, Director
Climate Action Network Europe



With support of CONCORD