

# Eurodad Strategy 2015-19: Summary

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## 1. Background

This strategy is the result of a year-long process of reflection, involving staff, the Eurodad board, Eurodad members, key partners from the global south and other allies. We reflected on the successes and challenges during the past strategy period, and considered carefully the opportunities that the next five years could bring. Our [Annual Reports](#) summarise our past successes, achieved in coalition with members and partners, including our partners from the global south.

The next five years will be characterised by uncertainty and change: we need a strategy that allows us to be flexible and adaptable, ready to make use of new opportunities. Economic uncertainty will continue, with debt crises likely to become more severe and significant, and the possibility of a second financial crisis. Politically, the growing power of emerging markets will shift global political dynamics but international institutions will be slow to reform, and be increasingly out of sync with political and economic realities. Europe will become a smaller, but still influential player globally, but there is significant uncertainty about the future of the EU, with high unemployment and the crumbling social and economic model fuelling non-mainstream political movements. Meanwhile, the growing need to tackle the severe ecological challenges facing the planet will become ever more evident. Eurodad's ambitious strategy is designed to respond to the enormous challenges and enormous opportunities these trends present, while building on our past successes.

## 2. Theory of Change

### a. Our long-term vision

We want to see a world with:

- **Economic justice for all** – an end to relative poverty and to the concentration of wealth and power in the hands of a few.
- **Fair, democratic, accountable and transparent governance** – at local, national, regional and global level where all countries have a say, and all people can exercise their right to participate.
- **Finance that serves the people** – and helps ensure human rights for all, and an environmentally sustainable planet. This means it is publicly

regulated to meet social ends and recognise environmental limits, and enhances systems of redistribution to ensure economic justice.

#### **b. Our purpose and focus**

Our purpose: Eurodad works for transformative yet specific changes to global and European policies, institutions, rules and structures to ensure a democratically controlled, environmentally sustainable, financial and economic system that works to eradicate poverty and ensure human rights for all.

Our focus is on strengthening the power of a network of European civil society organisations (CSOs), working as part of a global movement, to push governments and powerful institutions to adopt transformative changes to the global economic and financial system.

#### **c. Eurodad's role in creating change**

We help bridge long-term structural change with shorter-term transformative policy change 'wins' by:

- Getting the policy change demands right – ensuring that they are transformative yet detailed and specific.
- Building and supporting powerful coalitions for change.
- Having results-focussed strategies to deliver specific, transformative policy changes.

The key strengths of Eurodad include:

- Our deep and detailed understanding of the issues we work on.
- Our respected position with other allies and civil society networks, and our work with global and regional coalitions, in particular our ability to develop joint strategies within our membership network, and our strong cooperation with allies from the global south.
- Our good connections to policy-makers and other influencers.
- Our ability to develop results-focussed strategies, and track progress to our goals.

We adopt a flexible approach to the role we play, ensuring we focus on what our most useful contribution can be – in any given situation – to making the desired transformative policy change happen, recognising the strengths of our members and partners. We prioritise cooperation with partners from the global south,

seeking to work in partnership whenever possible, to listen to and respect their priorities, and to try to align ourselves to those.

## **The issues we work on: our five-year goals**

We are focused on achieving specific but transformative goals in seven issue areas, briefly summarised below. The first four are current priorities, and the other three are new issues for the network, though not for many Eurodad members. In addition we have three cross cutting priorities which we will integrate across our work areas: gender; global economic governance; and responsible finance standards.

### **i. Tax justice: five-year goals**

Tax avoidance and evasion by multinational corporations and wealthy individuals continues to undermine tax systems in all countries across the world, and costs developing countries billions of dollars in lost resources every year.<sup>1</sup>

Strong rules and binding regulation are needed to end this scandal, and the EU can lead the way. We will focus on ensuring that the EU introduces binding regulation that effectively prevents tax avoidance by European companies, including public country by country reporting for all sectors.

The vast majority of the world's developing countries are excluded from decision-making on global tax and transparency standards, with most of the new "global" initiatives being designed in a way that will only be of limited or no benefit to developing countries. We will push to strengthen the role of the UN, where all countries negotiate as equals, as a crucial first step towards a fundamental reform of global rule-making on tax issues.

CSOs are stepping up to the task. A truly global alliance of tax justice movements is forming, and a new global tax justice campaign was launched at the start of 2015. Strengthening this global movement will be the key to success in the coming years, and Eurodad will continue to play a central role.

### **ii. Ending debt crises: five-year goals**

Debt stocks for developing countries have reached their highest level ever, over 40 low-income countries are in debt distress or at risk of debt distress,<sup>2</sup> with

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<sup>1</sup> Griffiths, Jesse: *The State of Finance for Developing Countries 2014* (Eurodad, 2014).

<sup>2</sup> Griffiths, Jesse: *The State of Finance for Developing Countries 2014* (Eurodad, 2014).

many more vulnerable to external shocks or another major crisis. A new wave of debt crises would cause substantial development damage and human suffering.

The top priority is to fill a gaping hole in the international financial architecture: there is no effective way of ensuring that countries entering debt crisis can exit rapidly without paying enormous social and human costs. Ongoing processes mandated by the United Nations General Assembly offer a unique opportunity to create a development-friendly debt resolution regime that can achieve fair and sustainable outcomes when developing countries face debt crises.

However, sustained pressure by CSOs, including a strengthened European network, will be needed if a UN legal framework is to be truly development friendly, and based on the key principles of fairness, transparency, impartiality, participation and needs- and right-based assessments and decisions.

### iii. Effective aid: five-year goals

The transfer of aid money from wealthy countries is a vital resource for low-income countries in particular, where it can be an effective instrument for fighting poverty and promoting sustainable development, but only if it is of high quality. Unfortunately many donor bad practices undermine the quality of aid.

Much aid is still 'tied' –either formally or informally - to the condition that all supplies are procured from firms in the donor countries. Aid tying increases costs by 15% to 30%<sup>3</sup> and shows that donor countries are prioritising support for their own companies over poverty reduction: a scandal that must be ended.

Channeling aid through partner country systems means that aid can have a lasting impact through supporting countries' development strategies and systems and not just be temporary islands of progress that disappear once the donor loses interest. However, a new sense of urgency is needed as this is the area where least progress has been made to implement international aid effectiveness agreements.

Aid to developing countries often comes with conditions attached. Basic 'fiduciary' conditions are necessary to ensure that money will be spent appropriately. However, international financial institutions need to stop also attaching economic policy conditions, which can determine fiscal and monetary

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<sup>3</sup> Clay, Edward J., Matthew Geddes and Luisa Natali: *Untying Aid: Is it working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs*, (OECD, 2009) p. 27.

choices. Eurodad will continue to push for an end to this practice, which undermines democracy, and has, in the past, led to damaging outcomes that have had a harmful impact on the poor.

#### **iv. Publicly-backed private finance: five-year goals**

Private finance has increasingly replaced aid at the centre of global and national development initiatives, for both governments and international bodies. Multilateral and European bilateral development finance institutions (DFIs), channelling publicly-backed finance to support the private sector and to leverage private finance into developing countries, have become some of the most important players in today's development arena. This is despite their unclear development mandate and poor track record of delivering pro-poor development results.<sup>4</sup>

In addition, new modalities of supporting development projects are being promoted, including blended finance and a reinvigorated push for public-private partnerships (PPPs). In practice, these modalities have meant support for OECD firms, without an explicit reference to the national development strategies of countries in the global south. In addition, they have often had poor accountability and transparency, and unclear or poorly monitored development outcomes.

In the coming years, Eurodad will work to promote actions in Europe and at multilateral institutions that enable an alternative model of supporting private sector development in the global south.

#### **New work areas**

These are new areas of work we will develop during this strategy period, should funding permit. The strategic goals for each new area will be developed and approved by future Eurodad General Assemblies.

##### **v. Investment agreements**

Foreign investment can provide capital, create jobs and bring technology, skills and know-how to countries in the global south. However, such benefits are not automatic: they require active policy intervention, in particular to reduce their potential for triggering financial crises.

However, the adoption of World Trade Organisation (WTO) and other trade and investment agreements has had the main effect of shrinking the policy space

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<sup>4</sup> Romero, María José *A Private Affair* (Eurodad, 2014).

developing countries need if they are to actively manage foreign capital and investment to promote sustainable development and protect human rights.

It is clear that a major change of approach of investment agreements and treaties is needed, and Eurodad will support the growing civil society movement on this, pushing for the removal from existing and future agreements provisions which are preventing developing countries from adopting the careful management of private capital flows that is required if these vital resources are to be harnessed to support development.

#### **vi. Climate finance**

Climate change is one of the defining issues of the modern age. Climate finance is one crucial method to prevent the poorest countries and the poorest people being hardest hit by climate change, through funding measures to mitigate the greenhouse gas emissions of developing countries, and adaptation measures to help countries cope.

The coming five years will be crucial in terms of determining both the level and type of support provided to developing countries for mitigating their greenhouse gas emissions and adapting to climate change, as well as in terms of setting the precedent for future efforts under the new international political climate framework post-2020. Eurodad has a key role to play in informing and shaping civil society strategies, drawing on its knowledge and experience of a broad range of financing mechanisms and institutions.

#### **vii. Financial sector rules**

The global financial crisis has had negative impacts on developing countries in two ways. First, the global depression damaged all economies, costing jobs, trade, investment and aid. Second, the solutions to reforming the financial sector that have been developed either directly in developed countries, or under the G20, and through the Financial Stability Board, have neither fixed the problem, nor been designed to benefit developing countries.

The next five years will be crucial for financial sector reform in the EU, and globally. Developing countries will be hugely impacted, and again in the same two ways. They will pay the heaviest price if reforms do not prevent future crises, and they will have their own financial sectors and financial regulations heavily influenced by these reforms.

This is obviously an extremely important area, but also a complex one, encompassing many broad issues, so Eurodad's role will have to be carefully



calibrated, drawing on our broad experience and skills, but focused to allow us to push for specific yet transformative change.

### **Cross-cutting priorities**

The following three priorities are vitally important issues that affect all our work areas:

- Gender
- Global economic governance
- Responsible finance standards.

Eurodad's role will be to provide strong analysis on these issues, and make sure the positions and understanding we develop is integrated into all our work.