Africa Strategy and Network Unit: Africa Prosperity (HLPP) Fund: Strategy

Funding

Africa Strategy and Network Unit (ASNU) will be looking to maintain the current funding of £300k for our HLPP target countries of Angola, Cote D'Ivoire, Ghana, Mozambique and Tanzania: £285k is available for project work and £15k for contingencies (in line with Prosperity Directorate's guidance).

Background

The Prosperity Funds for 2014/15 have been used to establish the High Level Prosperity Partnerships (HLPP) in Angola, Cote D'Ivoire, Ghana, Mozambique and Tanzania. Together, they represent three of the 10 biggest economies in Sub-Saharan Africa (including the third biggest, Angola) and some of the fastest growing markets in the world. All of these markets are rated as "high opportunity" by the World Bank, African Development Bank and UN criteria. Their vast mineral resources and emerging middle class present an opportunity for UK business to provide their expertise and to cater to their potential infrastructure and consumer needs. They also move beyond our traditional Anglophone partners in Sub-Saharan Africa. UKTI has been extending its footprint across the continent and DFID has presence in three of the five countries: FCO funds can be used in a strategic way to complement both departments against specific Prosperity objectives.

Strategy

The Fund will have an overarching theme of "Improving the Business Environment in Sub-Saharan Africa". Activities will be closely aligned with the sectoral objectives below and will demonstrate how they meet the global conditions for growth. These should support the ambitions listed but should also complement what DFID (or UKTI) is doing (e.g. an activity supporting skills and education training by UK companies in Tanzania and Mozambique, aligning with DFID and UKTI). Lack of alignment with OGDs has been a key criticism of current Prosperity projects – the HLPP is perfectly positioned to demonstrate the effectiveness of cross-HMG collaboration.

The HLPP is intended to support economic development and capture and leverage strategic opportunities for UK trade and investment. In this respect, the HLPP is closely aligned to the FCO's four conditions for growth:

i. **Openness:** Supporting an enabling environment that allows UK companies to work in a predictable, rules-based system.
ii. **Reputation:** Using the UK's expertise in a number of fields to pursue mutual prosperity goals: development outcomes for sub-Saharan Africa and commercial opportunities for UK business and institutions.
iii. **Sustainability:** Ensuring growth is sustainable and equitable. This means that growth is inclusive and aware of the challenges that African countries face in adapting to climate change. Our programme would need to address the issues of vulnerability and resilience albeit under the wider concept of increasing the commercial relationship between the UK and Sub-Saharan Africa.
iv. **Opportunity:** The ultimate aim for the HLPP. The co-ordinated approach between DFID, FCO and UKTI will support UK business to seize opportunities to invest and trade in key African growth markets.

A set of priority sectors and objectives have been agreed under each HLPP, which have been approved by Ministers. Prosperity Funds will support the ambition demanded by Ministers. While the sectors differ from country to country depending on the particular context and circumstance, certain key growth sectors are common to all. Prosperity funds will augment FCO's role in achieving prosperity goals in the following sectors:

i. **Agriculture**: Increased productivity in African agriculture, including through greater UK commercial and development engagement, UK exports and investments, and application of UK expertise.
ii. **Education:** Increased levels of education and skills to improve the strength of local workforces, including through use of UK expertise. Working with UKTI Education to alert relevant UK providers of upcoming opportunities and to help UKTI ensure they are well placed to bid and win contracts.
iii. **Extractives:** Improved transparency and management of extractives sector, leading to increasing levels of UK investment and commercial contracts for UK companies.
iv. **Infrastructure:** Improvements in regulation and procurement of infrastructure projects by African governments resulting in greater investment in economic infrastructure including roads, energy, water and sanitation, and including commercial contracts/partnerships for UK companies.

A sample of impacts in our target markets include:

a) **Ghana:** FCO's high level dialogue on G8 extractives partnerships combined with DFID's programme on developing the institutional framework for the oil and gas industry and UKTI's encouragement of British business involvement in the Western region will lead to improvements in transparency as measured by Revenue Watch.
b) **Mozambique**: FCO, DFID and UKTI have achieved complementary objectives around the East Africa Oil and Gas High Value Opportunity (HVO). In Mozambique, UKTI and FCO have linked UK business with the emerging sector; DFID has provided mining and gas technical assistance to the Government of Mozambique; and the three departments are now working together to identify the skills and training needed to improve the strength of local workforces to service the oil and gas industry.
c) **Tanzania:** We will promote UK investment in the commercial agricultural sector and look to increase Public Private Partnerships. This will lead to further identifiable opportunities for UK investment into the sector.

Unlike the 2014/15 HLPP fund, the 2015/16 bidding round will retain the £300k as a single pot/project, with a single implementing partner, with constituent activities taking place in HLPP countries. Our previous experience demonstrated that splitting down the HLPP fund into smaller constituent projects with values of £40k and less has been inefficient, placing an administrative burden on limited human resources, significantly increasing transactions costs for those managing the projects. Strategic direction, oversight and final approval of programme design rests with ASNU, in consultation with Posts and key stakeholders.