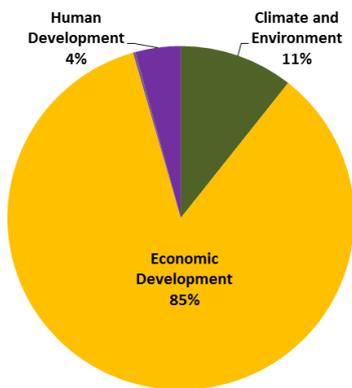




The Department for International Development (DFID) leads the UK's global efforts to end extreme poverty, deliver the Global Goals for Sustainable Development (SDGs) and tackle a wide range of global development challenges. The UK's focus and international leadership on economic development is a vital part of Global Britain - harnessing the potential of new trade relationships, creating jobs and channelling investment to the world's poorest countries. Throughout history, sustained, job-creating growth has played the greatest role in lifting huge numbers of people out of grinding poverty. This is what developing countries want and is what the international system needs to help deliver. Whilst there is an urgent need for traditional aid in many parts of the world, ultimately economic development is how we will achieve the Global Goals and help countries move beyond the need for aid.

Planned budget for 2018/19	£52m of which - £22m is technical assistance - £30m is development capital ¹
Planned budget for 2019/20	£46m - £19m is technical assistance - £27m is development capital ²

Sector breakdown of 2018/19 bilateral plans



Top 3 planned spending programmes in 2018/19 (as at 9th May 2018)

UK-INDIA Partnership on National Infrastructure Investment Fund (NIIF)	£12.3m
India: Infrastructure Equity Fund - Investment in small infrastructure projects in India's poorest states	£10m
Poorest States Inclusive Growth Programme	£10m

Contribution to the Global Goals and other government commitments (achieved as at March 2018)

DFID ended traditional financial aid to India in 2015. DFID now works in partnership with the Foreign and Commonwealth Office, the Department for International Trade and the UK Treasury to deliver joint economic development priorities in India, focusing on areas which will generate the most jobs and lift people out of poverty. UK support in India is helping to stimulate prosperity, generate jobs, develop skills and open up new markets for both countries. We do this by providing expertise or investment finance (that will generate a return for the UK). DFID's work contributes to improving access to affordable and clean energy (Goal 7), supporting decent work and economic growth (Goal 8), encouraging sustainable and resilient infrastructure (Goal 9), and supporting inclusive and sustainable urbanisation in cities (Goal 11).

Headline deliverables

- **Skills and start-ups:** The UK will help India realise the potential of its young workforce by supporting skills training and start-ups. UK investment in 50 enterprises will help them raise an additional 2.5 times our funding in private capital to create 25,000 jobs. Support through the Skills Partnership will help up to 1 million young people, especially women, to improve their skills and get better jobs.
- **Urban development:** UK support will improve urban infrastructure and services for 700,000 people; create 20,000 jobs, especially for women in informal sectors; and attract up to £1 billion in financing. This support will unlock business opportunities for the private sector worth £1.5-2 billion from which the UK can benefit.
- **Energy and green growth:** UK support is helping to remove barriers to investment in Indian energy

¹ & ² Development capital is an investment made by DFID to achieve defined development objectives while retaining an on-going, recoverable interest in the assets funded.

markets to generate £6.5 billion of private sector opportunities; provide clean energy to 1.8 million people; and avoid 20 million tonnes of greenhouse gas emissions. UK support will also help 2 million of India's poorest people cope with the increased climate risks of drought, flood and extreme heat.

Why DFID is investing in India

India is an important economic partner for the UK. It will become even more important as it consolidates its position as a major global power. India is one of the fastest growing major economies and is projected to become the world's third largest economy by 2030. The UK is the largest G20 investor in India, while India invests more in the UK than in the rest of the EU combined. India is crucial for co-operation in international bodies like the United Nations, World Bank and World Trade Organisation. The UK and India share common values on rights and freedoms, and together can be a force for good on global issues.

India is constrained in reaching its full global economic and political potential by significant internal challenges, including some 230 million people living in poverty; skills shortages; unplanned urbanisation; and a huge infrastructure deficit. Our partnership with India helps enhance investment and trade; increase prosperity and jobs in both countries; strengthen joint action on global issues of mutual concern; widen access to knowledge and technology and support the UK's global security objectives. Our targeted and catalytic support is designed to help India address its constraints to growth, accelerate development for the good of all its people and generate a return for Britain by creating new markets for trade and investment.

How will the UK respond to opportunities and challenges?

India and the UK agreed to focus on areas where the UK has comparative advantage, and where there is a huge potential for private sector investment. These areas are: urban development; infrastructure investment and public finance; clean energy; skills and entrepreneurship; and improving the business environment. Sharing UK skills and expertise on these and building the foundations for private investment are the best ways of reducing poverty and are the focus of UK technical assistance.

We will help build resilience to shocks in modernised cities, ensuring they can plan for and cope with disasters and climate change. We will continue to focus on girls and women to reduce risks of forced labour, trafficking and child labour, and ensure safe recruitment and responsible supply chains. We will also improve access for poor households to energy, the urban labour market and finance. DFID also works in partnership with India to maximise the development impact of its trade and investment in low income countries in South Asia and Sub-Saharan Africa.

What is being achieved for the UK?

DFID spend in India supports UK prosperity. Our support helps to improve the business environment in India and creates new opportunities for businesses and jobs in India and in the UK. We work with other UK government departments to ensure that the UK benefits from new, expanded or more accessible markets. UK investment in research increases innovation and technology transfer, from which we will also benefit. As an important regional player, increased growth and jobs in India are expected to have a positive impact on cross-border trade and connectivity, as well as shared resources, including water supply. This could increase economic and resource security and climate resilience in the whole sub-continent and beyond. Following the UK's decision to exit the European Union, the UK government has set out a clear agenda for strengthening the strategic partnership with India. Boosting our economic partnership in areas which have potential for UK private sector investment and business opportunities is the top priority.

Partners

- Other parts of the UK government spend Official Development Assistance (ODA) in India and we ensure coherence and effectiveness through a cross-government ODA Delivery Group.
- CDC (the UK's development finance institution) investment strategy is coherent with DFID India's work. CDC is increasing the value of its current £1.2 billion portfolio in India, with a stronger focus on infrastructure and affordable services in the poorest states. CDC investments deliver development impact while generating financial returns.
- We work with the British and Indian private sector and other institutions to provide the best technical support to shape new markets and generate jobs. We also work with multilateral organisations on priority themes. We will co-ordinate DFID support with multilateral development banks (in urban investment, energy, and infrastructure), establish partnerships, and influence country strategies.