



HM Government

The Prosperity Fund: Annual Report 2018/19



September 2019

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Foreword by the Rt Honourable Oliver Dowden MP, Minister for the Cabinet Office

As the new Minister for the cross government Funds, I am pleased to introduce this third Prosperity Fund Annual Report. The portfolio is really beginning to deliver against its objectives on the ground; supporting the inclusive economic growth needed to reduce poverty in partner countries, and contributing to the UN Sustainable Development Goals. The Fund is also opening up mutually beneficial opportunities for trade and investment with partner countries, crucial as we prepare to leave the European Union.

The Fund targets middle income countries¹ and emerging economies. Middle income countries are home to five of the world's seven billion² people and 59%³ of the world's poor. These countries still face considerable development challenges despite the high growth rates seen over the last three decades. In line with the UK Aid Strategy, the Prosperity Fund is an innovative cross government vehicle designed to assist in meeting these challenges. By enhancing access to finance and supporting sectors linked to broad-based development, such as healthcare, skills, digital access, and infrastructure, our programmes help lead to sustainable, inclusive growth.

I am also pleased to report that the Fund has a proactive approach to women and girls, supporting their economic rights and access to opportunities. Estimates suggest that a staggering \$12 trillion could be added to the world economy by 2025 through greater female economic empowerment⁴. The Fund is

compliant with the International Development (Gender Equality) Act 2014; actively going beyond this requirement in programme design, delivery and implementation, both looking to empower and provide transformative opportunities for women and girls in partner countries.

The Prosperity Fund is helping us to build partnerships globally and champion an open and rules-based international trading environment, in line with UK government policies such as the Export, Industrial and Digital Strategies. In addition to ODA, the Prosperity Fund uses non-ODA in both mature and emerging markets to get the most out of commercial opportunities for the UK. Alongside the opportunities these programmes could bring to international and UK business, they also enable us to showcase our values and our innovation as an outward looking and leading global economy.

Programmes also play an important role in support of the Paris Agreement on tackling climate change. Through the Centre for Global Disaster Protection, and the ASEAN Low Carbon programme, we are working with countries to increase their resilience to natural disasters often linked to climate change, to reduce emissions and transition to low carbon economies. The Prosperity Fund's model of working in partnership with host governments to promote policy and regulatory reform can have a catalytic effect in promoting a business environment that will encourage investment in low carbon and sustainable infrastructure.

The cross government nature of the Prosperity Fund is key to the National Security Council Fusion Doctrine; ensuring all our international endeavours represent UK values and defend our interests. It is bringing together the best of UK expertise and capability, supported ably by our Embassy and High Commission teams.

Progress across the 27 programmes this year has been significant with many real life examples of how we are helping poor and excluded women and men on the ground. I hope you take the time to look at some of the achievements over the last year and feel proud that the UK remains at the forefront of the global aid effort. Departments have also made great strides in improving the transparency of the Fund, with various material, including programme spend, regularly published on gov.uk.

Rt Hon Oliver Dowden MP
Minister for the Cabinet Office



1 The world's middle income countries are defined as having a per capita gross national income of US\$1,026 to \$12,375 (2018) are a diverse group by size, population, and income level.

2 <https://www.worldbank.org/en/country/mic>

3 <https://worldpoverty.io/methodology/index.php?language=en> The World Bank still use the statistic that 73% of the world's poor live in middle income countries, although this is based on older data from 2011. Using real time data a more up to date figure is estimated at 59%.

4 McKinsey Global Institute (2015), The Power of Parity, McKinsey and Company

Executive Summary

The third Annual Report demonstrates how UK government departments are working together to deliver inclusive economic growth through the Prosperity Fund.

The report details the progress made in 2018/19 on the delivery of the Fund's full portfolio and shows how programmes contribute to the United Nations' Sustainable Development Goals (SDGs).⁵

Ministers have endorsed a portfolio of 27 multi-year programmes totalling £1.2 billion across a range of areas, including investment in infrastructure; human capital, innovation and technology; increasing trade; financial and economic reform; and ease of doing business. Priority countries and regions include Mexico, Brazil, Colombia, China, India, Southeast Asia and Turkey. At least ten government departments and extended bodies are involved in delivering the programmes with partner countries, as well as numerous private sector and non-governmental organisations on delivery.

In 2018/19 the Fund spent £126 million across its portfolio: £116.1 million on Official Development Assistance (ODA) programmes in compliance with the International Development Act⁶; and £9.88 million on non-ODA programmes in support of UK interests. The report includes a breakdown of Prosperity Fund spend against department and programme, as well as an indication of the ODA spend with each partner country across the lifetime of the Fund.

This year three additional sections detail: a case study on the Fund's most advanced programme, Unlocking economic opportunities in Colombia's post-conflict and conflict-affected regions; programming in support of action

on climate change (SDG 13); and the Fund's approach to gender equality and women's empowerment (SDG 5).

The report also details progress from across the portfolio; highlights include:

- Improvements to the safety, reliability, and affordability of transport for women, girls and other marginalised groups, as well as providing a model for other cities to follow, through pilot projects in Mexico.
- Supporting the International Anti-Corruption Coordination Centre (IACCC) to progress major corruption investigations through the Global Anti-Corruption programme.
- A successful pilot project leading to employment opportunities and skills for economically disadvantaged South African women in the technology sector through the Digital Access programme.
- Partnering with Indonesia to implement waste management systems across its major ports, developing this industry whilst tackling marine pollution, through the Global Business Environment programme.
- A new UK-Africa FinTech Partnership to help take early-stage African innovations to scale and increase investment in African FinTech, through the Global Finance programme.

- Finance for a development project to enhance cross-border connectivity of critical road infrastructure in landlocked Laos, as part of our programme with the Asian Infrastructure Investment Bank.
- Raising private capital to invest into Ayana Renewable Power which is developing utility scale solar and wind generation projects across India through the UK-India Green Growth Equity Fund programme.

Programmes are benefitting from the Fund's considerable investment into monitoring, reporting, evaluation and learning with supporting systems now in operation. In its efforts to improve transparency, the Fund has increased the amount of information available at portfolio and programme level; publishing to the International Aid Transparency Initiative (IATI) registry and on gov.uk, and is committed to continued progress in this area. The Fund has continued to welcome scrutiny, engaging with a range of stakeholders and acting on the recommendations of various review bodies such as the Independent Commission for Aid Impact (ICAI).

In its recently published report⁷ ICAI noted that the cross government funds, including the Prosperity Fund *"have responded well to the concerns raised by ICAI, and have made considerable progress in putting in place the necessary systems and processes to ensure value for money and compliance with ODA rules"*.

⁵ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

⁶ <http://www.legislation.gov.uk/ukpga/2002/1/contents>

⁷ <https://icai.independent.gov.uk/report/follow-up-2017-18/>

Partnering for global prosperity

Boosting global prosperity is both the right thing to do and is in the UK's interest. Breaking down barriers to inclusive trade and investment through the Prosperity Fund can help trigger broad-based sustainable growth in developing countries, which creates employment, raises incomes, and lifts communities out of poverty whilst creating economic opportunities for other countries, including the UK.

The UK has long been a leader in global efforts to eradicate poverty, promote gender equality and countering shared threats to peace, security and prosperity. There has been much progress over the last 25 years to end poverty, yet 10% of the world's population of 7.3 billion still survive on less than \$1.90 a day⁸.

Despite falling levels of extreme poverty, as defined by the \$1.90 dollars a day measure, the world is off track in meeting the broader UN Sustainable Development Goals (SDGs) by 2030. The goals consider a more comprehensive range of factors that contribute to global prosperity, wellbeing and poverty reduction, such as strong institutions, gender equality, affordable and clean energy, decent work, and reduced inequalities.

59% of the world's poor live in middle income countries⁹, with many continuing to face persistent development challenges, such as corruption, inequality, rapid urbanisation and climate change, trapping millions of people in poverty. These countries are seeking our partnership and expertise to overcome these challenges, to get into a position where they are able to finance and lead their own development and trade to mutual benefit with the rest of the world.

The Prosperity Fund supports activity in a sub-set of middle income countries to promote inclusive economic growth, for example to improve key

infrastructure, skills, access to finance and to build better business environments. This gives people and businesses the tools and greater opportunities to work in a stronger and more productive economy and reduces reliance on traditional aid.

The Prosperity Fund delivers against the UK's national security objectives and the UK Aid Strategy of promoting global prosperity. The 2015 Aid Strategy sets out a whole of government approach to UK ODA spending, making the most of the expertise across government to tackle complex global challenges. The Prosperity Fund is a small¹⁰ but important component of the UK aid budget for sharing expertise in areas such as finance, technology, energy, health and education. Sharing this knowledge helps tackle global health risks, educates future populations, and strengthens business environments—contributing to a prosperous global economy.

The greatest benefit that ODA spend can deliver for the UK's interests is a safer, stronger and more equal world. Prosperity Fund programmes aim to help build self-sufficient economies, shaping the relationship middle income countries want to have with us, to be the UK's trading partners of the future.

The countries where the Fund operates also contribute to vital economic development beyond their borders and are key markets for global goods and services.



Developing countries now make up one fifth of total global foreign direct investment (FDI) flows¹¹ and are therefore increasingly the much-needed source of investment into less developed countries. More transparent and predictable trade and investment in countries such as India and China also helps bring stability to the economies of their less developed neighbours.

⁸ <https://www.worldbank.org/en/topic/poverty/overview>

⁹ <https://worldpoverty.io/methodology/index.php?language=en> The World Bank still use the statistic that 73% of the world's poor live in middle income countries, although this is based on older data from 2011. Using real time data a more up to date figure is estimated at 59%.

¹⁰ At £1.2bn, the Fund is expected to account for less than 2% of the total aid budget of approximately £13.5 billion over the lifetime of the current Spending Review (5 years 2016-2021).

¹¹ <https://www.worldbank.org/en/topic/competitiveness/publication/global-investment-competitiveness-report>

Progress across the portfolio

The Prosperity Fund has now programmed £1.2 billion of ODA across government departments. By the end of March 2019, 12 of the 27 multi-year Prosperity Fund programmes were at the full delivery stage and making progress on the ground. The remainder of the programmes were either preparing for delivery, or had begun scoping and stakeholder engagement activities with initial funding. The previous two years, 2016/17 and 2017/18, had focussed on building strong foundations for the Fund, securing approval for cross government programmes by ministers, carrying out scoping activity, and implementing small scale projects.

In 2018/19 the total spend for the Fund was £126 million, of which £9.88 million was non-ODA. Up to 2018/19 the Fund had spent a total of £252 million (21% of the £1.2 billion budget available up to 2023 ¹²).

The portfolio is grouped into ten sectors leading to five intermediate outcomes designed to improve conditions for inclusive growth in partner countries (see the Fund's Theory of Change at Annex 3):

- Investment in infrastructure
Infrastructure; Future Cities; Energy and Low Carbon; Technology and Digital Access
- Human capital, innovation and technology
Education; Health
- Trade
Trade
- Financial and economic reform
Financial Services

- Ease of Doing Business
Business Environment Reform; Anti-corruption

It is too early in the programmes' cycles to show major progress towards poverty reduction and the SDGs at this stage. Positive results, however, are detailed in the case studies included in this annual report, which give confidence the portfolio is on track. Furthermore the Prosperity Fund has:

- Helped diversify the ODA base across government and built up the capability of delivery departments in ODA programming
- Contributed positively to the UK's diplomatic relations with overseas governments and multilateral institutions. (e.g. with new governments in Brazil and Mexico, the OECD and World Bank)
- Facilitated innovative programming less achievable through single departmental budgets. (e.g. the UK-India Green Growth Equity Fund, the Horn of Africa programme and the Global Future Cities programme)
- Acted as an incubator for ideas, developing work-streams that are then taken forward by departments.

All Prosperity Fund ODA programmes meet the OECD Development Assistance Committee's ODA criteria to count towards the UK's legal requirement to ensure 0.7% of Gross National Income is used for international development. They also comply with the International Development Act 2002¹³, International Development (Gender Equality) Act 2014 ¹⁴, and must aim to contribute



to the Fund's primary purpose of promoting inclusive economic growth that leads to poverty reduction.

Programme design and delivery involves collaboration with a range of stakeholders, including businesses, multilateral agencies, and civil society organisations; and consider social and environmental, as well as economic impact. Programmes are consistent with UK objectives on climate change.

The Fund harnesses resources and expertise from across government and the private sector to deliver successful programmes which prioritise value for money and are untied to UK providers.

As well as contributing to a reduction in poverty in recipient countries, reforms supported by programmes are expected to create opportunities for international and UK business over time. Programmes work in areas where UK businesses are well placed to compete for opportunities that may arise, such as in infrastructure and financial services. There is no requirement however for partner countries to purchase British goods or services.

The Fund also includes a £33 million non-ODA component (3% of the total value of the Fund) to help generate opportunities for UK businesses overseas.

¹² Funding in 2021/2022 and 2022/2023 is subject to confirmation in the next spending review.

¹³ <http://www.legislation.gov.uk/ukpga/2002/1/contents>

¹⁴ http://www.legislation.gov.uk/ukpga/2014/9/pdfs/ukpga_20140009_en.pdf

Official Development Assistance country/region and sector focus 2017–2023

Global programmes:

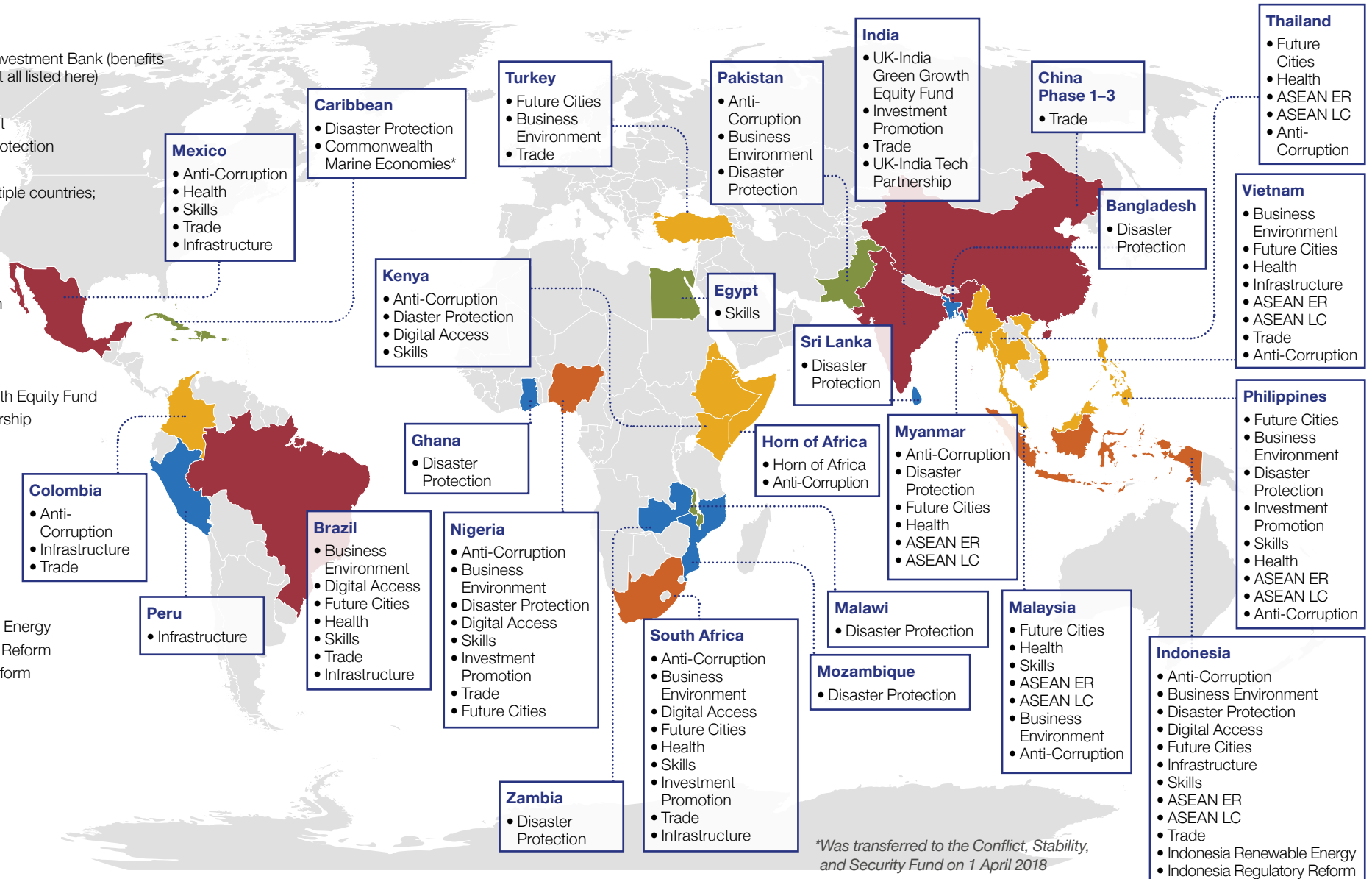
- Asian Infrastructure Investment Bank (benefits multiple countries; not all listed here)
- Anti-Corruption
- Business Environment
- Centre for Disaster Protection
- Digital Access
- Finance (benefits multiple countries; not all listed here)
- Future Cities
- Health
- Infrastructure
- Investment Promotion
- Horn of Africa
- Skills
- Trade
- UK-India Green Growth Equity Fund
- UK-India Tech Partnership

Bilateral:

- Brazil
- China Phases 1, 2, 3
- Colombia
- India
- Mexico
- Turkey
- Indonesia Renewable Energy
- Indonesia Regulatory Reform
- ASEAN Economic Reform
- ASEAN Low Carbon

Estimated spend:

- £100m+ ●
- £50m–£100m ●
- £10m–£50m ●
- £5m–£10m ●
- 0–£5m ●



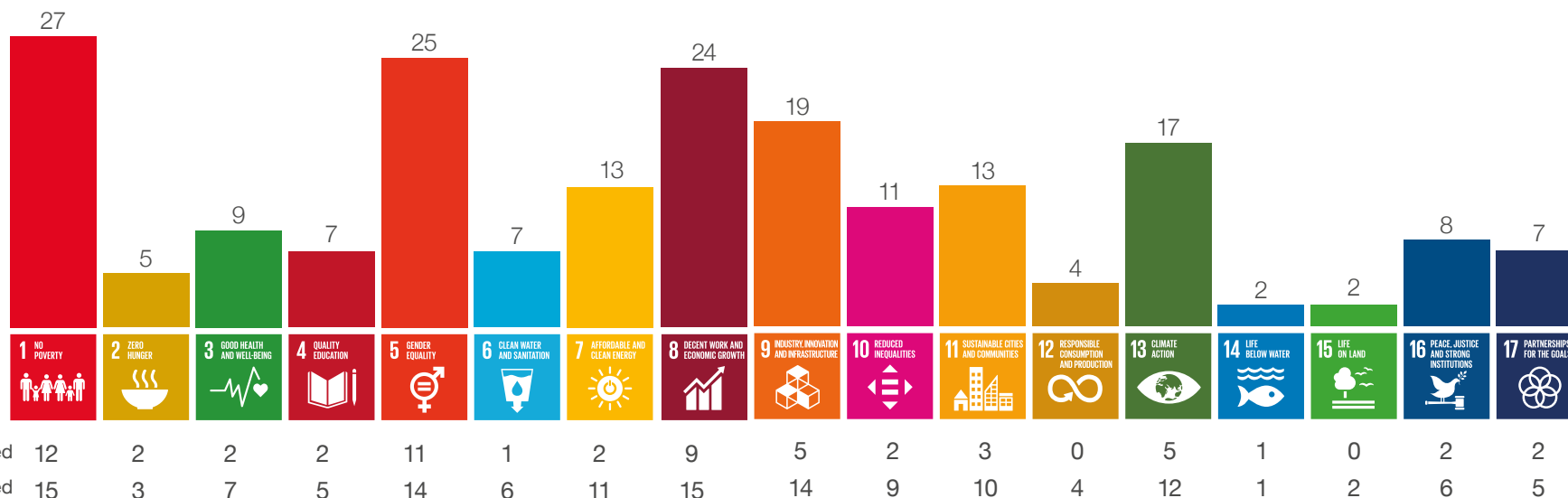
The programmes and the UN Sustainable Development Goals

A key element of the Prosperity Fund is to contribute to the Sustainable Development Goals, agreed at the UN in 2015. The SDGs comprise 169 targets, which seek to tackle a wide range of issues facing both developed and developing countries. These issues include poverty, inequality, climate change, inclusive societies and access to health and education.

The Fund's objectives are particularly relevant to SDG 8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; they are also highly relevant to the delivery of many other SDGs. The diagram below illustrates how many of the 27 programmes work towards each SDG. A breakdown of SDGs by programme is at Annex 5.

The Prosperity Fund contributed towards the UK's National Voluntary Review¹⁵ of progress towards meeting the SDGs conducted in 2019, with the published report including examples of where programmes are directly supporting the Goals.

¹⁵ <https://www.gov.uk/government/publications/uks-voluntary-national-review-of-the-sustainable-development-goals>



Programme activity in 2018/19

This section gives a snapshot of the 27 programmes, what they aim to deliver and progress made over the last year. The programmes are all at different stages of implementation, with many in full delivery and others in design and approval phase. The lead department for each programme is indicated in brackets, but all programmes involve several government departments.

Centre for Global Disaster Protection (Department for International Development)

The Centre, launched in 2017, aims to stop disasters devastating lives. It is helping developing countries in Africa, Asia and the Caribbean strengthen their pre-disaster planning and put financing in place before disasters like hurricanes, droughts or earthquakes strike. It works with partner governments and encourages use of tools like contingent credit and insurance to provide finance in emergencies. This means countries get money faster, protecting people's lives and livelihoods, as well as reducing reliance on humanitarian assistance. The Centre helps countries understand the scale of the risk they face, the likely costs of responding, and how to build shock-responsive financing into the contingency plans of key services, including social protection, health and education.

The Centre is a partnership between the UK Government, World Bank, private sector and research institutions and universities. It draws upon UK and global expertise in risk,

finance and insurance to design and support disaster risk financing systems, expanding the use of risk finance and enabling new opportunities to reduce the 'protection gap'.

During 2018/19 the Centre's operational base in the City of London, its leadership team, website (www.disasterprotection.org), and social media presence were established. Country engagement to showcase the Centre's offer and various scoping and research work continued, including on crisis risk finance and innovative financing for refugee responses. Through the World Bank, the Centre provided technical assistance to countries across Southeast Asia, South Asia, the Caribbean, Africa and the Pacific. The Centre also provided legal support to help establish the Southeast Asia Disaster Risk Insurance Facility (SEADRIF).

Global Business Environment (Foreign & Commonwealth Office)

The programme, which supports SDG 8 Decent Work and Economic Growth, among other SDGs, has made good progress. Interventions have improved the anti-dumping framework in Brazil and made regulations more business friendly in South Africa. The programme also convened 70 representatives from nine partner governments, the World Bank Group, and the UK, to share best practice in investment climate reforms, and the impact of women's economic empowerment on sustainable poverty reduction.



Meanwhile in Indonesia, technical support helped to implement ship waste management systems across 16 major seaports. The world's largest archipelago has some of the world's highest levels of marine pollution and lacks substantial and affordable waste handling facilities for vessels calling in Indonesian ports. The intervention should not only increase private investments in an under-developed and potentially lucrative area of port operations, it will also help Indonesia meet international commitments to prevent marine pollution.

In September 2018, the programme responded to a request from President Ramaphosa of South Africa to find ways to attract new investment. Two World Bank Group investment specialists were seconded directly to the President's economic advisory team. Their tenure culminated at the government's October investment summit with announcements of new investments worth £15 billion—a fifth of President Ramaphosa's \$100 billion goal. The President also pledged to improve South Africa's



Ease of Doing Business ranking from 82 to the ‘top 50’, which will be pursued with continuing programme support. This will build on support already provided, which now makes it easier to start a business in South Africa, by reducing the time for online business registration.

Global Finance (Department for International Development)

The programme draws on the UK’s world-renowned financial and professional services expertise to work with developing countries on building deeper and more stable financial systems that can have a transformative impact on economic opportunities, job creation and poverty alleviation. The programme therefore contributes to SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities, and SDG 17 Partnerships for the Goals, as well as supporting the mobilisation of finance towards a range of other goals.

This year, the programme supported the International Monetary Fund (IMF) in delivering financial sector stability reviews for Cambodia, Nicaragua, Sri Lanka, the Occupied Palestinian Territories and Zimbabwe, and broadening the availability of financial soundness indicators¹⁶ across low to lower middle income countries. A partnership with the Bank of England has successfully concluded its pilot phase with South Africa, Ghana and Sierra Leone and is going to be scaled up to cover up to 30 emerging economies.

In addition, DFID, with support from the Prosperity Fund, completed an investment in ‘The Currency Exchange Fund’ (TCX), realising £78 million of new local currency finance to de-risk sustainable investment projects in low-income countries. As part of the programme’s Financial Technology (FinTech) strand, Prime Minister Theresa May announced a new UK-Africa FinTech Partnership



including an industry-led investment group to increase UK investment in African FinTech; a regulatory partnership to build capacity with regulators; and support to take early-stage African innovations to scale. Increased financial inclusion aided by FinTech allows individuals and businesses to have access to useful and affordable financial products such as savings and insurance.

Asian Infrastructure Investment Bank Special Fund (HM Treasury)

Investment in infrastructure is important to achieve sustained and inclusive economic growth. The Asian Infrastructure Investment Bank (AIIB) Special Fund provides technical assistance to emerging economies in Asia to help build capacity to prepare high-quality, socially and environmentally aware infrastructure projects relevant to SDG 9 Industry, Innovation and Infrastructure. The Special Fund is financed by grant contributions from donor countries, including a contribution from the UK Prosperity Fund. So far seven infrastructure projects have been approved in Laos, Nepal, and Pakistan and Bangladesh covering energy, water and sanitation, transport and cities.

Two projects in Nepal have a focus on improving access to affordable and clean energy supporting SDG 7 Affordable and Clean Energy and SDG 13 Climate Action. One aims to increase access to electricity and reduce distribution system losses through upgrading lines and substations, and the other to build a hydro-electric plant designed to provide power to the national grid. One of the AIIB’s core values is “green”, focusing on reducing carbon intensity of energy supply and managing local and regional pollution.

One project in Laos recently obtained project financing from the AIIB to support socio-economic development by enhancing cross-border connectivity of the most critical roads in the country. More Special Fund projects are expected to receive full project financing next year, contributing to the investment necessary to meet the infrastructure gap in Asia. The AIIB’s fair and open procurement policy means international, including UK companies have the opportunity to compete for contracts awarded by the AIIB projects, as well as take advantage of export opportunities unlocked through infrastructure development.

UK-India Green Growth Equity Fund (Department for International Development)

This programme aims to attract private sector investment from the City of London and elsewhere to finance green infrastructure in India. It supports SDG 7 Affordable and Clean Energy, SDG 9 Industry, Innovation and Infrastructure, and SDG 17 Partnerships for the Goals, as well as the mobilisation of finance towards a range of other goals. Jointly funded by the Government of India and the Prosperity Fund, the GGEF aims to raise £500m of private capital to invest in renewable energy, energy distribution, clean transportation, and water treatment. Eversource Capital—a consortium of Lightsource BP and Everstone group— was appointed

¹⁶ The IMF’s Financial Soundness Indicators have been selected to track progress against target 10.5 (improving the regulation and monitoring of global financial markets).

as the Fund Manager of GGEF in April 2018 through an international competitive bidding process.

The Fund made its first investment into Ayana Renewable Power (Ayana) in February 2019. Ayana was launched to develop utility scale solar and wind generation projects across growth states in India. With a current capacity of 500MW of solar generation and a strong future pipeline of renewable energy opportunities, Ayana is contributing to SDG 13, Climate Action, as well as SDG 7. The Fund Manager is actively seeking capital from global institutional investors, including from the City of London.

Global Infrastructure (Foreign & Commonwealth Office)

Effective infrastructure, such as better hospitals, schools and transport networks, is essential to support a good quality of life and provides the basis for businesses and the economy to grow and be productive. For lower and middle income countries, designing and financing infrastructure programmes can be challenging. The programme is working with the Infrastructure and Projects Authority (IPA) and Department for Business, Energy and Industrial Strategy (via the Centre for Digital Built Britain) to address some of the challenges countries face, including through delivering training, support and facilitation of best practice in the construction industry. It is using UK expertise to strengthen and align practices around the world with international best practice and standards.

Over the year, delivery began on sharing UK infrastructure development methodologies around Business Information Modelling (BIM), the Five Case Business Model, and Project Initiation Roadmap in the programme's Pathfinder countries of Colombia, Indonesia, Vietnam and South Africa. These tools will help public and private sector infrastructure providers to improve the development

and delivery of their projects as well as attract financing for them. In Vietnam, capacity building will contribute towards the government's policy to implement BIM in all its public infrastructure projects. This will in turn lead to more effective delivery of infrastructure projects and development of sustainable infrastructure programmes, while increasing export opportunities for international and UK business to Vietnam.

Mexico (Foreign & Commonwealth Office)

This programme is delivering across four strands: financial services, anti-corruption and rule of law, future cities and low carbon energy.

Financial services programming is helping to deliver accessible and affordable financial products and services across Mexican society. Thanks to financial education and behavioural change programming, 300,000 Mexican women are now receiving welfare payments electronically rather than in cash, empowering recipients, enhancing financial inclusion, and saving the Mexican Government around £2.2 million a year. A study produced in collaboration with Women's World Banking "Making Finance Work for Women", was also



presented to the Mexican Government at a female empowerment and entrepreneurship event in March.

On anti-corruption, and in line with SDG 16, Peace, Justice and Strong Institutions, sharing of UK expertise helped lead to reforms of Mexico's General Law on Commercial Partnerships, which came into force in December. The reforms make it mandatory for all companies operating in Mexico to report their beneficial owners, thereby improving transparency and preventing corruption, a key priority for both Mexico and the UK.

Traffic congestion and inadequate public transport contribute to high levels of air pollution, carbon emissions, poor health, and reduced economic growth in Mexico City. Pilot mobility projects seeking to improve the safety, reliability, and affordability of transport for women, girls and other marginalised groups across two cities are helping millions of Mexicans directly, and will offer models to other cities, in line with SDG 11 Sustainable Cities and Communities.

The low carbon energy strand aims to develop the skills needed in Mexico to support the country's transition to a low carbon economy, in line with SDG 7 Affordable and Clean Energy and SDG 13 Climate Action. The programme collaborated with a local NGO and 1000 stakeholders to produce a 'Gender Baseline Study in the Energy Sector in Mexico' to help advise future implementation that prioritises gender equality and social inclusion.

ASEAN Economic Reform (Foreign & Commonwealth Office)

Southeast Asia has experienced a decade of high economic growth that has lifted 100 million people out of poverty¹⁷. Yet 87 million people still live below national poverty lines and 38 million people fall below

the World Bank's \$1.90 poverty measure¹⁸, two thirds of which are women¹⁹. For poverty reduction gains to be maintained and extended, inequalities need to be reduced and economic reforms undertaken. The programme seeks to tackle two fundamental constraints to growth in the Southeast Asia region; a poor business environment and underdeveloped financial markets.

Under the business environment strand, the programme is supporting the Judicial Integrity Champions network, including peer to peer learning events, such as one held in October in Jakarta. Promoting integrity in judicial institutions reduces corruption and improves the business environment. The network enables regional Judicial Integrity Champions across ASEAN to exchange best practice on court independence and integrity in support of SDG 16 Peace, Justice and Strong Institutions.

With technical assistance and experience sharing from the development of the UK Anti-Bribery Act, Vietnam passed a revised anti-corruption law at its National Assembly in November. The law has additional provisions on corruption in the private sector to improve the business environment in Vietnam and comply with international standards. The programme has been supporting businesses on how to comply with the provisions through working in partnership with the Vietnam Chamber of Commerce and Industry (VCCI) and United Nations Development Programme (UNDP).

ASEAN Low Carbon Energy (Foreign & Commonwealth Office)

South East Asia's continuing economic growth and development will depend, in part, on whether it can meet its huge energy security challenge. The International

Energy Agency (IEA) forecasts an 80% increase in ASEAN energy demand by 2040²⁰. The programme is supporting a lower carbon pathway away from fossil fuels by encouraging energy efficiency and the adoption of low carbon technologies, and providing policy support on green finance. The importance of affordable, reliable and clean energy is recognised under SDG 7 Affordable and Clean Energy, and is essential to address equality, education, public health, clean water and sanitation²¹. The programme also supports SDG 13 Climate Action and SDG 5 Gender Equality.

The pivotal conference 'Financing South East Asia's Energy Transition', in July at Wilton Park saw ASEAN decision makers and UK and international green finance experts establish an action plan to overcome barriers to green finance. The conference, followed

"Attending the Wilton Park conference on financing Southeast Asia's energy transition alerted me to the risk of fossil fuel power plants becoming stranded assets, a potential threat to financial stability. As a result, we have required additional disclosures—including discussion of climate risk and specifically stranded-asset risk—from relevant firms raising funds through the Philippine capital markets. Together with the Philippine Deposit Insurance Corporation and the Insurance Commission, we have begun to consider climate-transition risks and stranded-asset-risks as part of the financial stability monitoring process. We have also established an inter-agency green working group (along the lines of the UK Green Finance Taskforce) to enhance the opportunities for low carbon investment". — Commissioner of the Philippines Securities and Exchange Commission

by further engagement, including a UK ministerial visit and high-level multi-sector forum, has had a catalytic effect on ambition for green finance in the Philippines. It prompted the country to consider the risk of fossil fuel power plants becoming stranded assets when firms seek funds through capital markets; and to establish a group similar to the UK Green Finance Taskforce.

One senior Philippine government official said: *"The forum has done a tremendous thing, it brought together both sides of the coin and got commitment and buy in from Ministers of Finance and Budget. You've cut through layers of bureaucracy in the Philippine government. These 2 days solved a lot of coordination issues internally. It's catalytic. The Department of Finance is energised. I vastly underestimated what this could do for us".*

Better Health (Foreign & Commonwealth Office)

This programme aims to improve public health in Malaysia, Philippines, Vietnam, Thailand, Myanmar, South Africa, Brazil and Mexico by tackling premature death and illness due to non-communicable diseases (NCDs) and through improvements to healthcare systems and patient safety. Ensuring healthy lives and promoting well-being is essential to sustainable development, as underpinned in SDG 3 Good Health and Wellbeing.

The rising burden of NCDs such as heart disease, diabetes and cancer in developing countries has a disproportionate effect on poor people, and women in particular, who bear the greater share of caring responsibilities and tend to be less able to access health services. Over the year the programme

¹⁸ Statistic excludes Myanmar for which there is no data

¹⁹ UN Women 2013

²⁰ TPES (Total Primary Energy Supply) will rise from 594 Mtoe (mil tons of oil equiv) in 2013 to 1070 Mtoe in 2040

²¹ 2016 Regional Trends Report Energy Sustainable Development in Asia and the Pacific UNESCAP, intro



healthcare, expertise to the Malaysian government. Similar engagement was carried out with the other partner countries and Healthcare UK, in conjunction with NHS Improvement, have developed a regional network.

Global Anti-corruption (Foreign & Commonwealth Office)

Corruption disproportionately affects the poorest in society, as it syphons off money that should be used for development projects and distorts markets, creating an uneven playing field for business. Women are particularly vulnerable to petty corruption, given their daily care responsibilities. Tackling corruption is key to delivery of SDG 16 Peace Justice and Strong Institutions.

The programme is providing funding to the International Anti-Corruption Coordination Centre (IACCC), hosted by the UK's National Crime Agency. The IACCC provided intelligence to progress nine grand corruption investigations, resulting in two senior officials being arrested in 2018. It also provided intelligence on 227 suspicious bank accounts in 15 jurisdictions and £51 million of worldwide suspicious assets. By creating an environment where key financial centres monitor, challenge and support investigation into the theft of state assets, the IACCC is helping to challenge corrupt elites.

In South Africa, the programme delivered anti-corruption training with the University of Cape Town to senior officials of the South African Departments of Justice; Trade and Industry, and State Owned Enterprises. The project has built on President Ramaphosa's drive to address corruption in public departments by delivering an ethical leadership training programme.

The programme is helping to develop the OECD's Anti-Corruption and Integrity Hub, an online platform

for practitioners to access tools and coordinate on global efforts to combat corruption and promote integrity. An early version of the Hub was launched at the programme supported OECD Anti-Corruption and Integrity Forum in Paris in March, bringing together over 2,000 participants from over 120 countries.

Global Future Cities (Foreign & Commonwealth Office)

The world's urban population is expected to surpass six billion by 2045²². Poorly planned and rapid urbanisation can result in inadequate and inaccessible basic public services, overcrowding, congestion, and pollution; which exacerbates poverty, lowers economic growth and contributes to climate change. Traffic congestion in Manila alone for example, is estimated to cost the Philippine economy almost £55 million a day²³. In line with SDG 11 Sustainable Cities and Communities, the programme aims to improve the way cities are planned and managed, supporting local prosperity and improving quality of life.



continued to plan and build support with partner countries, drawing on UK and other expertise.

In March, the Chief Operating Officer of South Africa's National Department of Health led a delegation to the UK for technical learning sessions including on digital innovation, to meet key stakeholders, and to discuss global health threats. In May, Healthcare UK gave a presentation on the NHS at the South American *Hospitalar* conference and had meetings with Brazilian health stakeholders. An event to inform the design and delivery of the programme was held at Wilton Park in June, bringing together senior health officials and experts, including Brazil's Health Minister, from across partner countries and the UK.

In Southeast Asia, 15 key UK healthcare education and training organisations were taken to partner countries to share NHS and other expertise in February. Additionally, a multi-stakeholder event in July saw the British High Commissioner for Malaysia and Healthcare UK present on UK, including NHS

²² <https://www.un.org/en/development/desa/news/population/world-urbanization-prospects-2014.html>

²³ <https://www.jica.go.jp/philippine/english/office/topics/news/180920.html>

The programme has been connecting central and local government officials from the 19 partner countries with experts in urban development in order to build stakeholder support for the programme. The programme's Malaysian Urban Forum, for example, supported by UN-Habitat, attracted over 10,000 participants including senior Malaysian Ministers and decision makers.

The programme has begun two projects in the Philippines, one to assist with the implementation of New Clark City, a planned community being designed and developed to decongest Manila, and the second to assist with urban planning in fast-growing Cebu City. As part of the programme's early activities, officials involved with the New Clark City development visited the UK to meet key UK planning stakeholders, learning about the UK's expertise on legacy planning, sustainable development, and master planning.

Brazil (Foreign & Commonwealth Office)

Through increased trade openness, investment in sustainable infrastructure and low carbon energy, the programme in Brazil aims to reduce inequalities and increase incomes and employment, especially for women and poor people.

The programme is supporting Brazil to align its standards with those of the Organisation for Economic Co-operation and Development (OECD) to increase its trade and investment, driving greater economic growth and employment opportunities. In June 2018, during his visit to Brazil, OECD Secretary General Ángel Gurría and British Ambassador Vijay Rangarajan marked the beginning of the UK's support through the Prosperity Fund for Brazil's accession to the OECD. Key areas of focus for reform include: open and innovative government, enforcement of minority shareholder's rights, revision of policies on

entrepreneurship, codes of liberalisation, and transfer pricing. Early efforts are already demonstrating results.

On sustainable infrastructure, the programme is supporting initiatives in Sao Paulo and Recife, including on smart urban mobility; and water and sanitation, in partnership with the World Bank. Providing reliable, safe and regular public transport supports poverty reduction, gender equality and social inclusion by enabling more people from the poorest suburbs, especially women, to access services and work opportunities in cities. Improvements will also address productivity, as inefficiencies caused by inadequate infrastructure (including transport) are estimated to negatively impact on Brazil's total GDP by between 10 and 15%²⁴.

China (1,2 and 3) (Foreign & Commonwealth Office)

China's economic progress impacts development outcomes around the world, making it a vital global partner for meeting the SDGs. The Fund is using ODA to partner with China to tackle global risks and development issues, strengthen the rules-based international order, and boost global prosperity. Engaging China through practical programmes, capability building and matched funding enable us to multiply development benefits to the wider global system.

The programme is working with China, as the world's largest emitter of greenhouse gases, to accelerate its low carbon transition, to reduce emissions, and deploy inclusive clean energy technologies. The programme supported a China/UK joint report on Climate Risk Indicators, launched at COP24 in Katowice in December, which will enable China and other countries to better plan how to adapt or mitigate climate risks. This collaboration is

already influencing Chinese policy discussions, including its 4th National Assessment on Climate Change.

The infrastructure strand will work with China to improve standards in third country projects in Africa and Asia. These improvements will help maximise environmental sustainability and development outcomes, given China's role as the leading foreign infrastructure actor in many of these countries. A series of scoping visits around Africa identified strong enthusiasm from stakeholders for the combination of Chinese market access, speed and cost competitiveness with UK credibility and quality.

The programme also aims to support China's transition towards a more effective financial regulatory environment and to develop a more inclusive financial services sector. A series of exchanges on pension policy between the UK and China focussed on the UK's experience to promote inclusiveness and sustainability in China's pension system and to address the key challenges of an ageing society. Work with the International Finance Corporation, a member of the World Bank Group, will deliver commercially viable financial products to help poor farmers more easily access finance to expand production and increase income, and to insure against crop failure. Over the next financial year, pilot projects will be delivered in seven counties with high levels of poverty in Hebei Province.

Programming to improve China's business environment has included work with the People's Bank of China to modernise the anti-money laundering (AML) system. A robust system reduces corruption, promotes economic stability and growth, and protects the rights of vulnerable groups. It is also vital for the operation of international markets, and a key strategic concern for the UK. Technical assistance for a major national review, and capacity building for over 40 government institutions had been underway since June 2016 and completed in March this

²⁴ <https://www.imf.org/external/pubs/ft/wp/2015/wp15180.pdf>

year; 600 recommendations to the Chinese authorities and private sector have led to improvements to the AML regulatory framework, strengthening the system and bringing it more in line with international best practice.

India Economic Reform and Prosperity (Foreign & Commonwealth Office)

India's growth has an impact beyond its borders, making it an important partner in delivering the SDGs. The programme aims to achieve mutual prosperity by driving inclusive economic growth through opening and developing new markets. It works in partnership with the Government of India at national and state level in areas where the UK's strengths match India's priorities for reform: urban development, ease of doing business, financial services, skills, and energy and low carbon.

The complex business environment in India remains a key barrier to its growth. The government is committed to taking action, aiming to reach the top 50 in the World Bank *Doing Business* rankings²⁵. The Fund is supporting this ambition in areas including better regulation, improved tax administration, and trade facilitation and standards. This year for example, four reports on the benefits of IT and automation in food trade and import clearance were produced for the Food Safety and Standards Authority of India, which has committed to implement many of the recommendations. On financial services the programme is supporting delivery of India's new Insolvency and Bankruptcy Code and has supported a pension policy roadmap to improve coverage (especially within the informal sector), products and regulation.

With urban populations in India expected to increase by 400m to 876m by 2050²⁶, sustainable planning is crucial. Partnerships with state governments aim to

transform urban infrastructure programmes, in support of SDG 11 Sustainable Cities and Communities. The programme has been working to improve waste management systems, an enormous challenge, with open landfills causing severe public health problems. Reforms aim to improve public health and the health and safety of sanitation workers, particularly women, who constitute the majority of the lowest paid.

The programme aims to promote investment in cleaner energy and to improve energy access, contributing to SDG 7 Affordable and Clean Energy and SDG 13 Climate Action. Programme funded reports on industrial energy efficiency and corporate green leadership have helped strengthen national policy, including the creation of a rating system for renewable energy developers to help improve standards. Other activities include producing recommendations on electric mobility plans and on the use of tools to conserve energy and increase reliability and efficiency such as demand-side management and smart grids.

Digital Access (Department for International Development)

This programme aims to promote affordable, safe and secure digital access for excluded populations in Kenya, Nigeria, South Africa, Brazil and Indonesia. It will use digital inclusion to stimulate innovations for local development challenges and support skilled employment and business opportunities.

The DFID component focusses on innovative business models for basic, affordable connectivity; promoting digital inclusion through regulatory reform; and digital skills and services for the underserved. An FCO led component works on building partner countries' capacity



to deal with cyber security threats affecting governments, businesses and citizens. A DCMS led component builds digital skills to stimulate local digital economies; supports entrepreneurs to find innovative solutions to development challenges; and forges partnerships between local start-ups and international businesses.

The programme has conducted a range of diagnostic, stakeholder engagement and pilot activity. A DFID

²⁵ <https://www.outlookindia.com/website/story/india-news-india-aims-top-50-rank-in-world-banks-ease-of-doing-buisness-list-pm-modi/323784>

²⁶ <https://population.un.org/wup/>



supported project in South Africa, 'knowledge management for community networks' delivered training, facilitated affordable connectivity and worked with Research ICT Africa to research connectivity coverage.

The FCO worked with the Organisation of American States to strengthen cyber-crime capability and gender diversity in law enforcement. In Brazil, 60 police officers were trained and a 'Cyber Women Challenge' event aimed to promote careers for women in cyber law enforcement. The FCO partnered with the Rio Institute for Technology and Society to successfully inform and influence Brazil's Data Protection legislation.

The DCMS-led UK-South Africa Tech Hub, a facility that aims to support local tech start-ups and connect them with international businesses, has carried out work on upskilling and mentoring start-ups, with a focus on women from townships. The 'Future Females' and 'DreamCode Bootcamp' schemes helped unemployed women secure employment and pursue courses in coding and technology. Go Global Africa 2019 brought 18 African innovative digital start-ups, selected on their 'tech for good' credentials, to the UK for upskilling and exposure.

Skills for Prosperity (Department for International Development)

Skills shortages hold back inclusive economic growth and poverty reduction. The programme, in its early stages, will draw on UK expertise to improve the quality, relevance, and cost effectiveness of Higher Education (HE) and Technical and Vocational Education and Training (TVET) in nine partner countries in line with SDG 4 Quality Education. Interventions will seek to improve efficiencies in the labour market, helping women and men find better and more secure employment in line with SDG 8 Decent Work and Economic Growth. This in turn will offer a workforce with relevant skills for international businesses that are looking to invest abroad.

Early insight work through youth dialogue has helped to refine and plan future programme activity around improving TVET in South Africa where youth unemployment stands at 52%. Addressing the skills shortage is key to reducing endemic poverty, which disproportionately affects women and young people from historically disadvantaged backgrounds. Further scoping work looked at the current status of gender and social inclusion factors for skills development in the programme's nine partner countries and made recommendations going forward.

Global Trade (Foreign & Commonwealth Office)

The programme aims to facilitate free trade and open markets in developing countries, enabling greater investment and interaction with global value chains to support employment and prosperity for women and men; in line with SDG 8 Decent Work and Economic Growth. The programme, which is in its early stages, is focussing on two core objectives: tackling non-tariff barriers to trade and supporting developing countries to



engage in global/regional and, where appropriate, bilateral trade deals to boost equitable economic growth. With poverty reduction as its primary objective, the programme will also deliver secondary benefits through increasing market access for international, including UK business.

The programme's initial work involves pilot projects in Brazil, Mexico, South Africa and Mozambique in areas such as trade facilitation, better regulation and intellectual property provisions. It will also create a centre of excellence to deliver high quality training to build the expertise of trade practitioners in priority markets. Other work streams starting in 2018/19 include supporting the Food and Agriculture Organisation and the World Health Organisation Codex Trust Fund in partnership with the Department for Environment, Food and Rural Affairs and the Food Standards Agency. This involves supporting eligible countries to strengthen food security and safety, and to align with international standards, protecting the health of consumers, ensuring fair practices



in international trade, and increasing trade potential. The work aligns with SDGs 2, 3, 12 and 17, which aim to reduce trade restrictions and distortions in world markets.

Investment Promotion (Department for International Trade)

Lack of support services, market knowledge about investment opportunities, integrity in investment facilitation processes, and infrastructure for investors limits the ability of developing countries to attract and retain Foreign Direct Investment (FDI). FDI is an important source of private external finance for developing countries, a critical driver of growth, jobs and prosperity, and essential to meeting the SDGs. The programme plans to use focussed interventions in partnership with India, the Philippines, South Africa, Nigeria, Peru and Pakistan to build capacity in their investment promotion agencies; signpost and highlight investment opportunities; develop a pipeline of public private partnership (PPP) projects,

especially in the infrastructure sector; and promote investment integrity, transparency and ethical standards.

The interventions will be designed to support improvements in the quality of services delivered by foreign investment promotion organisations, their campaigns, and the investment projects they support. The programme's activities will contribute to a better investment environment in these countries, improving their ability to attract FDI, to increase economic growth, and opening up opportunities for international and UK business to expand and access new markets. Design work for India and the Philippines was completed during the reporting year.

Unlocking prosperity in the Horn of Africa (Department for International Development)

The programme is designed to promote prosperity and reduce poverty in the Horn of Africa by upgrading the Berbera trading corridor—a key trading route

between Ethiopia and Somaliland. It will support infrastructure development including the upgrade of critical bottlenecks such as river crossings; and regulatory work on trade, transit and customs; in support of SDG 11 Industry, Innovation and Infrastructure.

Over the reporting year a host country agreement with Ethiopia, and a financing arrangement with Somaliland were signed. Programme delivery partner, TradeMark East Africa, opened a new office in Addis Ababa, appointed an in-country Director, recruited a Somaliland lead and set up an office in Hargeisa. Design work progressed through several visits to the region with stakeholders identified in Ethiopia and Somaliland. A clear coordination arrangement and agreement on hard infrastructure with the Abu Dhabi Fund for Development is under development. A ground-breaking ceremony for the Berbera corridor road was held on the outskirts of Hargeisa in February, led by the President of Somaliland, Ethiopia's President of its Region 5, and TradeMark East Africa's Director.

UK-India Tech Partnership (Department for Digital, Culture, Media and Sport)

The programme is designed to catalyse innovation and technology that will drive inclusive and sustainable economic growth and poverty reduction in India. By supporting entrepreneurs, SMEs and start-ups across India's digital technology ecosystems, interventions aim to enable more citizens, particularly women and marginalised groups, to access the growth and development benefits digital technology can bring. The programme also promotes global prosperity by working to ensure that international businesses, including UK companies, can compete favourably to bring innovations, technology partnerships and capital into the Indian market.

The three main interventions: the UK-India Tech Hub, the UK-India Tech Cluster and the India-UK Healthcare Artificial Intelligence Catalyst (HAIC) will draw upon UK

strengths and expertise in the tech and digital sector, alongside analysis of India's development needs to support inclusive growth and poverty reduction.

The programme is in its early stages of delivery and several visits have taken place to identify and engage with stakeholders. The UK-India Tech Hub/Tech Clusters have also begun recruiting teams in Bengaluru and Pune.

Indonesia Regulatory Reform (Foreign & Commonwealth Office)

The growth needed to reduce poverty and improve gender inclusion in Indonesia is constrained by a complex regulatory environment, an unequal distribution of resources, and corruption. The programme, in its design phase, is designed to help improve the regulatory environment in line with SDG 8 Decent Work and Economic Growth, in a country where over 27 million people live on less than US\$1 a day²⁷.

Over the reporting year the programme focussed on initial scoping work and relationship building, including funding senior Indonesian officials to attend the international conference, "*Transformation, Technology and Trade—meeting the challenges of regulatory delivery*"²⁸ in October. Here they learnt about UK and international best practice on regulatory delivery and reform and how improvements in the regulatory environment can create the conditions for greater trade and investment, helping to tackle poverty and encourage inclusive economic growth.

Indonesia Renewable Energy (Foreign & Commonwealth Office)

The programme, in its design phase, aims to accelerate the uptake of small-scale community renewable energy projects in Eastern Indonesia as a means to deliver poverty reduction and economic development. Data from the projects will help to inform nationwide policy, develop investment-ready renewable energy projects and encourage innovation and the adoption of new technologies. The programme aims not only to deliver greater access to energy for some of the poorest communities in Eastern Indonesia, but will also support the goal of developing an economic model decoupled from carbon emissions. It is anticipated that Indonesia will become a global leader in innovative community level renewable energy through this programme.

Over the reporting year the programme's focus was on relationship building through engagement with key government stakeholders, including signing an agreement with the Ministry of Energy and Mineral Resources to partner on low carbon work. Discussions have also secured positive revisions to Indonesian marine energy regulations and agreement to restart the UK-Indonesia formal energy dialogue.

Turkey Financial Services (Foreign & Commonwealth Office)

Rapid population growth, income inequality and regional disparities have resulted in enduring poverty in Turkey and a ranking of just 131 out of 149 countries for gender wage parity²⁹. The programme, in its design phase during 2018/19, focusses on driving inclusive growth through key reforms to the financial services industry,



including financial inclusion and access, capital markets development, and the strengthening of the financial technologies (Fintech) ecosystem. Chronically low savings rates, poor pension provision, high levels of inequality and youth unemployment have all contributed to low levels of financial development. Increasing financial inclusion is a key enabler to poverty reduction and the SDGs, featuring as a target in eight of the seventeen goals, including: SDG 5 Gender Equality; SDG 8 Decent Work and Economic Growth; and SDG 10 Reduced Inequalities.

²⁷ <https://www.adb.org/countries/indonesia/poverty>

²⁸ <https://internationalconference2018.wordpress.com/>

²⁹ http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

Case Study: Unlocking economic opportunities in Colombia's post-conflict and conflict-affected regions

Despite Colombia's high annual growth rates over the last decade, stubborn levels of income inequality remain³⁰. The Prosperity Fund's bilateral Colombia programme, led by the Foreign & Commonwealth Office, is driving economic development for three million people in the country's poorest communities, with a focus on women and girls in conflict-affected areas. Activities align directly with SDG 1 No poverty, and SDG 5 Gender Equality, and together with the Conflict Stability and Security Fund (CSSF), support work to promote lasting peace in Colombia. Seven activities grouped under the three pillars of institutional strengthening, infrastructure and agriculture have been designed to capitalise on international expertise and innovation to provide sustainable solutions and to promote the expansion of new markets in Colombia.

Institutional strengthening

Excessive bureaucracy, poor capacity and lack of transparency are some of the barriers to doing business in Colombia. Building capacity and introducing new technologies and innovative project financing are essential to enhancing the country's stagnating productivity. The programme has started institutional strengthening activities within Colombia's Regional Competitiveness Commissions. These include a project to bring technology and expertise to multiply tilapia fish production for rural communities in Magdalena Department, facilitating the sale of produce into leading supermarket supply chains and improving quality of life for local populations and their future generations. The Fund is also employing a gender expert to strengthen the economic benefits of the tilapia farming project for female members, the wives and children and of its male members, and women in the wider community.

Another project is helping to increase the value of agricultural goods prior to their export by facilitating the design of an agro-logistics facility in Atlántico on Colombia's Caribbean coast. Facilities like this create employment, develop technical skills

and boost local economies as smallholders can convert their produce into finished food, drink, cosmetic, pharmaceutical and other products.

Infrastructure

Rehabilitation of Colombia's 3000 plus kilometres of narrow gauge railways is one of the fastest ways to spread economic growth and prosperity, revolutionising access to domestic markets and export opportunities, particularly for agricultural smallholders. In addition to enabling rural residents to travel further to work, improved rail links also make it easier for women to reach services in cities, including medical treatment for themselves and their families.

Supporting SDG 9 Industry, Innovation and Infrastructure, work is underway on three feasibility studies, which will aim to include the Global Infrastructure programme's Building Information Modelling methodology. The first of these, involving the revival of the Bogota to Zipaquirá line for passengers and freight, will go to market in August 2019, with co-financing from the Cundinamarca Departmental Government. In September



2018, the programme facilitated the country's first rail conference, followed by rail regulation training for senior government officials. The interventions helped ensure that rail rehabilitation was prioritised in the government's 2018-2022 National Development Plan, and demonstrated British rail expertise at a critical point in development of Colombia's Rail Master Plan.

Improved planning, mobility and access to services is key to tackling urban poverty, much of which is concentrated in Colombia's secondary cities. In March 2019, the programme's first urban development

30 <https://wir2018.wid.world/files/download/wir2018-full-report-english.pdf>

project—a feasibility study of a new, digitalised transport system—started implementation in Manizales. Contributing to SDG 11 Sustainable Cities and Communities, improved transport will significantly reduce travel times for over 400,000 inhabitants and provide women in disconnected neighbourhoods the opportunity to become more economically productive.

Assistance is being provided to water and sanitation projects in the cities of Ibague and Valledupar. Currently, Ibague only treats 13% of its sewerage and most wastewater drains directly into local waterways. The sustainable solutions will not only directly benefit the inhabitants of those cities, they will also benefit thousands more within communities downstream. Improved sanitation in Valledupar will change the lives of women like Petra (pictured below), who was displaced by conflict to an unplanned neighbourhood outside the city. With less time spent on water and sanitation related chores, Petra will have more opportunity to participate in economic activity to the benefit of her family. The improvements will also have a positive impact on Petra and her family's health, resulting in less healthcare expenses from sanitation-related illnesses as well as time spent taking her children for medical treatment.

Agriculture

Despite its shrinking share of Colombia's GDP and exports, 60% of Colombia's rural population remains



reliant on agriculture³¹. The enormous potential of unutilised cultivatable land, combined with a tropical climate and abundant water supplies, means reform of this sector is key to lifting rural Colombia out of poverty. Increasing uptake of agri-insurance from its current 2% coverage is crucial to this process, given the major risks posed by flooding and other natural disasters, often exacerbated by climate change. The programme is supporting SDG target 8.10 to expand insurance services for all, with the development of a modernised, agri-information and monitoring system, as well as agri-insurance products and services.

Technological innovation is important to improve productivity in rural economies, which has been stifled by lack of investment. Seven projects have been selected, prioritising opportunities for women

and girls, to receive assistance with agricultural technology; contributing to SDG 2 Zero Hunger.

Gloria, Zulma and Maria (all pictured below) are all smallholder coffee farmers in Dosquebradas (Risaralda) who will benefit from an Integrated Trading Platform intervention. Using mobile phone technology, the UK firm Farming Data has teamed up with Colombian organisations to provide better market information and direct access to buyers. This has the potential to increase the farmers' sale prices by up to 30%, improving their incomes and benefiting the local economy.

By selling her coffee at a fairer price, Gloria hopes to send her 17 year old granddaughter, Juana, to study computer science in Pereira; the first of her family to finish secondary education and go to university. Zulma would like to invest in more intensive farming and hire more young people, who currently have few job opportunities. Maria plans to invest in machinery so she can roast her own coffee, and fund her disabled daughter to train as a cook and become financially independent.

Colombia is also a partner in four of the Prosperity Fund's global programmes: Anti-corruption, Trade, Business Environment and Infrastructure.



31 DANE.gov.co

Gender and inclusion

The Fund's approach

A focus on gender equality, women's economic empowerment and wider inclusion is essential for supporting delivery of the Fund's Primary Purpose and SDG 1 No Poverty, SDG 5 Gender Equality and SDG 10 Reduced Inequalities. Progress on these SDGs also cuts across successful delivery of all other SDGs. Recent research including by the World Bank³² is unequivocal about the fact that the route to prosperity must be about closing gender gaps and tackling inequality. Research indicates that if women were operating at their full potential and playing the same role in labour markets as men, as much as £28 trillion or 26% could be added to global GDP by 2025³³. No country can afford not to include women in the economy and expanding access to opportunities is critical for women's empowerment and fulfilment of their economic rights.

How the Fund integrates gender and inclusion into its programmes is outlined in its Gender and Inclusion Policy and varies according to country context, sector and the type of prosperity challenge, but for example the Fund:

- Uses the Business Case approval process to drive a strong focus on gender and inclusion.
- Recommends and advises programmes to undertake social impact assessment at scoping stage in order to consider distributional impacts, barriers, any potential risks and opportunities, taking into account factors such as gender, age, disability, income, geographical location, ethnicity and migrant status.



Participants of the DreamCode Bootcamp supported by the Digital Access programme

- Identifies poor and excluded groups (such as rural women, youth, people with disabilities) and aspires to be ambitious by promoting empowerment (building assets, capabilities and opportunities) and transformative change (addressing systemic barriers to economic empowerment).
- Supports Prosperity Fund spending departments and programmes to build social development capacity through training, mentoring, guidance, procurement support, and regular gender and inclusion Champions Network meetings for shared learning.
- Commissions gender and inclusion briefing papers and evidence digests on key prosperity themes and country contexts.
- Uses a gender and inclusion scorecard to support programmes to improve design and delivery of results for women and excluded groups.
- Engages with global civil society, academic experts, private sector and multilateral

agencies in policy dialogue and strengthening programmes to integrate gender and Inclusion.

Measuring performance

Monitoring and evaluation experts assess the design and delivery of the portfolio, and level of alignment with the Fund's policy on gender and inclusion. The first evaluation report concluded that progress has been made in terms of putting in place processes to support gender and inclusion policy alignment, that there are examples of good practice (see case study page 22), but that a continued strong emphasis should be placed on driving up standards across the Fund.

³² <https://www.worldbank.org/en/topic/gender/publication/unrealized-potential-the-high-cost-of-gender-inequality-in-earnings>

³³ <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

Incorporating gender and inclusion: The ASEAN Low Carbon Energy programme

The primary purpose of the programme is to promote inclusive economic growth through reducing energy poverty and energy emissions, and improving ease of doing business in Southeast Asia. Transforming energy towards more affordable, reliable and cleaner energy sources is essential to improve quality of life for poor people, and to address national development strategies for health, education, rural development and gender equality³⁴.

Consideration of gender and inclusion is critical for tackling climate change and fuel poverty. Climate change and fuel poverty has a disproportionate impact on women and poor people who often depend on natural resources for their livelihoods and are more vulnerable to natural disasters. The majority of the world's poor are women, with UN figures indicating that 80% of people displaced by climate change are women. Women also play a critical role in response to climate change due to their local knowledge of and leadership on sustainable practices at household and community level. Their unequal participation in decision-making processes and labour markets however, often prevent them from contributing to climate-related planning policy, compounding inequalities and decreasing effectiveness.

It is because women are both more vulnerable to climate change and more likely to play a prominent role in adopting adaptation and mitigation strategies, that they are a key target population for the ASEAN Low Carbon Energy programme. The programme seeks to support Southeast Asia's low carbon transition by driving progress in green finance and energy efficiency. Transforming energy towards more affordable, reliable and cleaner energy sources is essential to improve the



welfare of the poor, and to address national development strategies for health, education, rural development and gender equality. The programme is expected to positively impact women's quality of life through generating inclusive growth, creating job opportunities and favouring conditions for climate change mitigation.

Women and men play different gender-defined roles in energy production, distribution and utilisation in households, communities and the market³⁵. Women can benefit disproportionately from programmes that make energy more affordable, reliable and clean. To ensure women reap the benefits of improved energy access and reduced barriers to business, the programme will:

- Incorporate women's voices throughout.
- Ensure delivery partners have appropriate gender and inclusion skills-sets.
- Ensure female participation in consultations and other engagement activities.

- Collect and analyse gender disaggregated data in project monitoring and reporting.
- Include women in training programmes such as operation and maintenance of energy infrastructure, micro-enterprise support, and regulatory workshops.
- Consider the likelihood of delivering positive impacts for women as one of the criteria when selecting specific interventions during the scoping phase.
- Consider the impacts on women that could result from improved energy access, including any unintended negative consequences.

34 ESCAP

35 UNDP, 2013

Climate change

Climate change is an existential, urgent and crosscutting development challenge. It poses a substantial risk that development gains, including those supported by UK aid spending, could be reversed with potentially devastating consequences. The response to this crisis will affect generations to come. The climate has become warmer and more volatile, with the effects already felt globally, but nowhere more so than in the developing world where climate change exacerbates the fragility of existing resources and livelihoods. In 2015, most parties to the UN Framework Convention on Climate Change (UNFCCC) reached a landmark agreement which “*aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty*”. The agreement reached in Paris set three long-term goals: to hold the global average temperature rise to well below 2°C and pursue efforts to limit it to 1.5°C; to increase the ability to adapt to the adverse effects of climate change and to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development.

A key factor in the world’s ability to meet this goal will be the speed at which countries can transition to a new economic model that decouples economic growth from increased carbon emissions; this presents huge challenges, but also opportunities. Considerable amounts of green finance will need to be mobilised to build the sustainable infrastructure required to break countries from their business as usual approach. Some countries have the potential to leapfrog carbon-intensive economic growth completely, to a lower carbon economy based on renewable energy and sustainable technology; others will need to manage a transition away from dependence on existing stocks of carbon-intensive infrastructure.

UK Government Policy

The UK was the first country in the world to pass long-term legally binding climate targets through the 2008 Climate Change Act, and the legislation has since been influential around the world. UK emissions have already reduced by over 40% since 1990, while the economy has grown by over 70%. Prime Minister Theresa May announced a commitment in June to end the UK’s contribution to climate change by reducing emissions to net zero by 2050. At the G20, that same month, Mrs May also announced that tackling climate change is a central part of UK aid and the government is committed to aligning all UK aid spending with the objectives of the Paris Agreement. This builds on our previous commitments to provide £5.8 billion in international climate finance between 2016 and 2020 to help developing countries reduce emissions, build resilience to climate change, tackle deforestation and pursue clean and sustainable economic growth.

The recently published Green Finance Strategy provides further clarity on the government’s commitment to align all UK ODA with the Paris Agreement. In practical terms for ODA spending departments, this will include using an appropriate carbon price in relevant bilateral programme appraisal, as well as ensuring that any investment affecting emissions is in line with the Paris Agreement temperature goals and transition plans, implements a proportionate approach to climate risk assurance, and does not undermine ambition in countries’ Nationally Defined Contributions and adaptation plans.

Climate change and the Prosperity Fund

Tackling climate change is an investment in our future security and national interest. The 2015 Strategic Defence and Security Review concluded that the impacts of climate change will exacerbate instability, conflict and migration in many countries—with an increased severity and magnitude of natural disasters destabilising economies, supply chains and our trading partners of the future.

Climate change represents a key risk to the Prosperity Fund’s goal of supporting inclusive growth that is sustainable and equitable. Low carbon sustainability and climate resilience are therefore integral to programmes assessment and design. Many programmes specifically





seek to promote increased resilience to, or mitigation of, climate change as part of their approach. The table lists programmes that report principal or significant mitigation and/or adaptation objectives. Two of these programmes are described below.

The inter-departmental collaborative nature of the Prosperity Fund and the often-mainstreamed nature our climate work makes it difficult to pinpoint precise levels of relevant spend. However, analysis shows that the fund mobilised approximately £31 million in support of climate change objectives in 2018/19.

Lower carbon, climate resilient development will provide partner countries with cleaner air, healthier diets, improved health and new economic opportunities from clean growth; all integral to meeting the SDGs. The Fund is actively looking at ways to strengthen the climate change considerations across the portfolio, to realise these co-benefits where possible.

The Intergovernmental Panel on Climate Change (IPCC) Special Report on the impacts of global warming of 1.5oC recognises that oil and gas will continue to be a part of the global energy mix for some time. Oil and gas also remain fundamental to the economic welfare of many of the countries in which the Prosperity Fund operates. Sharing

UK expertise in the regulation of these sectors can help ensure that the development and use of resources such as natural gas, is done to high standards and is managed as part of an effective and equitable low carbon transition.

The Centre for Global Disaster Protection is an example of where the Fund will deliver on climate change adaptation. The centre aims to protect poor and marginalised people, save lives, and help developing countries to get back on their feet more quickly after a disaster with the use of financial tools like insurance. The centre plays an important role in strengthening resilience to natural disasters like droughts, storms and flooding; extreme weather events that are becoming more frequent due to climate change. These effects are especially prevalent in areas of rapid urbanisation in hazard prone areas, which the Fund is further targeting through its Global Future Cities programme. The centre contributes to the UK's G7 commitment to support an additional 400 million people with access to climate insurance by 2020.

The Indonesia Renewable Energy programme is an example of where the Fund will deliver on climate change mitigation. The programme aims to accelerate the uptake of small-scale community renewable energy projects in Eastern Indonesia as a means to deliver poverty reduction and economic development. Data from the projects will help to inform nationwide policy, develop investment-ready renewable energy projects and encourage innovation and the adoption of new technologies. The programme will not only deliver greater access to energy for some of the poorest communities in Eastern Indonesia but will also support the goal of developing an economic model decoupled from carbon emissions. It is anticipated that Indonesia will become a global leader in innovative community level renewable energy as a result of this programme.

Programmes related to climate change mitigation and adaptation

Programme	Strand
ASEAN Low Carbon Energy	Low Carbon Energy
Brazil	Energy Future Cities Green Finance
Centre for Global Disaster Protection	Global Facility for Insurance Development
China Phase 1	Energy and Low Carbon Infrastructure Policy Support Facility
China Phase 3	Sustainable Urban Environments
Unlocking Economic Opportunities in Colombia's Post-Conflict and Conflict-Affected Regions	Infrastructure Agriculture
Global Future Cities	Transportation Urban Planning Resilience
Skills for Prosperity	Global Skills
Global Trade	Global Trade
Horn of Africa	Infrastructure Economic Development Corridor
UK-India Green Growth Equity Fund	Infrastructure
India Economic Reform and Prosperity	Financial Services Energy and Low Carbon Urban and Smart Cities
Indonesia Renewable Energy	Indonesia Renewable Energy
Mexico	Energy Future Cities

Monitoring, reporting, evaluation and learning

Reflecting the innovative nature of the Prosperity Fund, a proportion of the overall budget has been ring-fenced for monitoring, reporting, evaluation and learning (MREL). Robust monitoring and evaluation supports the Prosperity Fund in four key areas:

- Development of programme monitoring and evaluation (M&E) tools and configurations
- Providing platforms to capture results and management data to facilitate learning
- Building an evidence base to support Prosperity Fund decision-makers
- Driving transparency, accountability and learning through independent evaluations

Monitoring and Reporting

Within the areas outlined above, the Fund's Monitoring and Reporting Hub (MR Hub) has provided extensive technical assistance to all programmes to refine and update Logical Frameworks and Theories of Change as programmes move through design, inception and delivery.

The MR Hub has delivered 17 detailed programme team workshops to refine and finalise programme logical frameworks and theories of change. It anticipates the majority of all 27 programmes will be collecting and reporting results data via the MR Hub by the end of 2019. Data showing how and where the portfolio is aligned with the SDGs is being captured throughout the lifecycle of the Prosperity Fund.

A Theory of Change provides the basis for programme design and management as well as informing planning at a Fund-level. A Logical Framework provides indicators for assessing impact and aggregating data, at a fund, department, programme and project level.

Evaluation and Learning

To support evaluation and learning across the Fund, the Evaluation and Learning (E&L) service has hired sector specialists around the world to provide programmes with world class insights and to facilitate learning.

The E&L service has produced papers which will direct evaluative activity once programmes are in full delivery. These include programme evaluation approach papers, early engagement reports, thematic synthesis approach papers, Fund-level approach papers and papers on cross-cutting topics such as gender and inclusion, value for money, anti-corruption, data quality and secondary benefits. E&L are working with all programmes on evaluations due to be completed in 2019, ensuring learning remains a core component.

The Prosperity Fund's ongoing learning strategy takes insights from across the portfolio and works with key stakeholders to build these insights into decision making. Supporting this, the E&L service has facilitated and supported network-wide learning events and designed and built PF Learning, the Prosperity Fund's digital learning platform. As of March 2019, a growing community of 495 users across the global network were using this platform to access evaluation resources, connect with colleagues with common interests, access learning events and join in discussions.

The E&L service also supported the update of the Fund-level Theory of Change during the period of this review (at Annex 3) to integrate findings from recent reviews. Each programme has project-specific Theories of Change and results frameworks to monitor their progress and benefits to the local population. Family-level Theories of Change have also been developed, drawing upon similar projects across different programmes, mapping pathways for achieving Fund-level intermediate outcomes.

MREL documents are available on gov.uk.



Oversight and transparency

Effective scrutiny and transparency of ODA programmes, including those of the Prosperity Fund, is important; it helps the UK government to co-ordinate with others to enhance aid impact, improves accountability, helps tackle corruption and builds trust.

The Prosperity Fund is answerable to parliament through the Minister for the Cabinet Office, Rt Hon Oliver Dowden, and Minister responsible for the cross government funds. The cross party International Development Committee (IDC) Select Committee, the Independent Commission for Aid Impact (ICAI) and the National Audit Office all regularly scrutinise government ODA spend, including that of the Prosperity Fund.

In December 2018 an IDC hearing heard from ICAI on its inquiries from 2017/18, and from the Prosperity Fund on delivery, impact, and implementation of ICAI recommendations. The Fund gave progress updates from the Prosperity Fund on: transparency; Fund level performance measurement; getting the balance right between promoting economic growth to reduce poverty, and generating opportunities for business; and systems for measuring results and learning from experience.

The Fund's approach to monitoring and reporting was heavily influenced by the 2014 ICAI report into how DFID learns as well as recommendations from ICAI's rapid review of the Prosperity Fund. The Fund's Theory of change links explicitly to the Sustainable Development Goals with Fund level indicators aligned to the theory. (Annex 3)

The Fund was again reviewed by ICAI as part of their 2018/19 follow up activity. Findings acknowledged that the Fund had responded well to ICAI's previous

concerns, including on use of ODA, and approach to monitoring, reporting evaluation and learning:

“Overall, ICAI’s interventions have prompted significant improvements in the management of the Prosperity Fund.” ICAI Chief Commissioner.

Building the capability and capacity of the Prosperity Fund network continues to be a priority, whilst ensuring that expenditure delivers the best value for money. Peer-to-peer learning, targeted recruitment and training are addressing needs identified by a skills gap analysis. The Joint Funds Unit has recruited advisory expertise in social development, monitoring and evaluation, private sector development and governance. Prosperity Fund spending departments have also increased their numbers of specialist staff, for example through the recruitment of social development and monitoring and evaluation expertise into the FCO. A gender and inclusion Champions Network has also been established, building on trailblazing work and sharing of good practice by teams in Latin America.

Transparency

The Fund is committed to being as transparent as possible and publishes a range of portfolio information including a comprehensive annual report on gov.uk. It is working hard to comply fully with IATI standards through improving the amount, quality, and accessibility of published information available.

Although individual spending departments are responsible for publishing their own programme data for meeting transparency requirements, the

Fund is working closely with them to help ensure the portfolio delivers against the requirements of the International Aid Transparency Index (IATI).

The Fund also works with external partners such as NGO Publish What You Fund, and is actively participating in their 2019 HMG assessment, to ensure the information published is useful and meets IATI criteria.

An increasing amount of Prosperity Fund documentation is being made publically available. Three annual reports, 10 business cases, 15 FCO programme summaries, and three programme annual reviews had been published at the time of publication of this third annual report. Published documents are all available or linked to from the Fund's programme and activities gov.uk page³⁶.



36 <https://www.gov.uk/government/collections/cross-government-prosperity-fund-programmes>

Unlocking opportunities for business

Poverty cannot be addressed in the absence of economic growth. The primary purpose of the Prosperity Fund is to support inclusive economic growth. This is what emerging economies are requesting, and is what the international system needs to help deliver, enabling the transition from traditional aid to relationships based on mutually beneficially trade and investment.

Recognising the importance of the private sector in driving growth; the Prosperity Fund supports economic development in such a way that generates business opportunities, including for the UK business community. The range of benefits potentially accruing to the UK from successful programmes which meet the primary purpose are set out below:

- Direct benefits: By providing key development resources to a country, such as building infrastructure or providing advisory services, businesses (including those from the UK) can form part of the supply chain. This can occur in the near-term
- Indirect benefits: Lifting people out of poverty means that a partner country has a more productive society who can produce goods and services for, and enjoy the benefits of, increased trade. This can happen in the medium to long-term
- “Global public goods”: These refer to benefits for the global community; where all people potentially benefit from improvements to local conditions, such as lower global carbon emissions as countries transition to renewable energy, fewer avenues for illicit money, and reduced transmission vectors for disease.

Activities to deliver secondary benefits for the UK specifically are not eligible for ODA funding. The Prosperity Fund includes a small component of non-ODA funding

(approximately 3% of the total Fund) to capitalise on opportunities generated through ODA funded initiatives for the UK’s benefit. In 2018/19, non-ODA funding supported a range of initiatives to promote and assist UK private sector expertise in emerging markets. Interventions included trade events, inward investment visits, and promotion of policy and regulatory change.

The Prosperity Fund aligns with HMG’s various strategies in delivering UK prosperity objectives overseas, such as regional trade plans, country prosperity plans and the export strategy. The Fund is part of the wider toolkit available to HMG to support favourable trading conditions for both the UK and its partners.

Other resources include Trade Commissioners and Trade Envoys, as well as DIT staff in embassies all over the world and in the sector teams in the UK.

Examples of activity supported by non-Official Development Assistance in 2018/19 include:

Brazil

- Ongoing engagement with Brazilian educators and decision makers to showcase UK business solutions for the new national curriculum. Pearson Education secured a £66 million export win, assisted by an earlier Prosperity Fund project.



- Linked major water supply and sanitation companies with UK water suppliers at the British Water International Conference in London.
- Explored opportunities for UK–Brazil collaboration on Building Information Monitoring (BIM) implementation through a Centre for Digital Built Britain (CDBB) conference attended by Brazilian decision makers.
- Provided Mobility Matchmaking Mission for UK SMEs interested in Brazil urban mobility market to match them with Brazilian companies.
- Engaged with UK companies in London to showcase business opportunities that arise from the Green Finance, Future Cities and Energy programmes in Brazil, Mexico and Colombia.

Colombia

- Delivered a two-day rail regulatory workshop for 70 attendees including the Ministries of Transport and Finance, National Infrastructure Agency, National Planning Department and Financial Institution for National Development.
- Showcased the UK infrastructure expertise of 39 UK companies, including sustainable construction, urban development, and smart cities, at the National Infrastructure Congress in Cartagena.
- Briefed UK companies in London (25 representatives from 17 companies) on the Colombia Prosperity Fund and potential secondary benefits.

Mexico

- Supported a consortium of two UK companies to win a £900,000 Mexican government contract to assess the feasibility of the Mayan Train, Mexico's

flagship infrastructure project. This has increased the likelihood that, if the multi-billion pound project goes ahead, it will be designed with sustainability in mind and be suitable for foreign (including UK) investment.

- Supported procurement of 90 British made red double-decker buses to Mexico City, generating £33 million of exports for Alexander Dennis Limited. The buses will speed up transit times, reduce congestion, and reduce emissions by 9,203 TonCO₂eq.
- Supported Mexican attendance at the Zero Emission Summit and Low Carbon Vehicle Show in the UK, leading to a collaboration agreement on developing the zero-emission vehicle market in Mexico.
- Promoted low carbon and renewable opportunities in Mexico and Brazil at the UK Pavilion at COP24 (Conference of the Parties to the United Nations Framework Convention on Climate Change) in Katowice, Poland.

China

- Supported UK presence at China's first Money2020 conference in November, leading to various business connections, including a total of £110 million in export wins achieved by two UK Fintech companies.
- Shared UK expertise in several sectors, including infrastructure, low carbon energy, rule of law, financial services, education and skills (discussions underway on several opportunities including a £10 million contract), healthcare and sustainable urban environments.
- Produced UK-China Foreign Direct Investment (FDI) trends report to inform UK policy on enhancing and potentially reviewing the bilateral trade and investment agreement with China.

- Helped improve market access for UK companies into China, including in the cosmetics industry, one of DIT China's top market access priorities.

India

- Generated momentum for the UK India Tech Partnership through the UK/India Future Tech Festival (FTF), bringing together over 2,000 delegates in events across five Indian cities and connecting 100 UK firms with over 600 Indian businesses, entrepreneurs, policy and academic thought leaders.
- FTF led to multiple commercial outcomes recorded by UK companies, including a £26.8 million export win from the Createch trade mission, with more in the pipeline.
- Convened UK experts, including businesses, and Indian stakeholders to advance policy and technical solutions needed to drive India's low carbon transition and move to electric mobility. The events, including participation in Birmingham's Zero Emission Vehicle Summit, initiated various UK/India commercial partnership discussions and a UK business to announce that it will start manufacturing in India.

Southeast Asia

- Highlighted UK expertise in the green energy sector and policy making at Southeast Asia's largest International Green Technology Exhibition (IGEM2018) in Malaysia to ministers, senior officials and corporate leaders.
- Delivered a Thailand-Vietnam joint FinTech delegation of both public and private sectors stakeholders to meet with UK regulators and Fintech business in London.

- Showcased UK healthcare education and training expertise to Vietnamese, Philippine and Malaysian healthcare stakeholders.
- Raised profile of UK FinTech through the UK FinTech Conference Yangon 2018 led by the Central Bank of Myanmar, with 46 senior officials from the Myanmar government and 130 business representatives from the UK and Myanmar.
- Developed a joint platform for experts from Malaysia and the UK to share aspirations and collaboration on clean energy, green finance and joint programming.
- Demonstrated UK expertise across the energy sector, focussing on low carbon, energy efficiency and enhanced relationships with Vietnamese energy stakeholders; one export win was reported.

Turkey

- Supported collaboration between the UK and Turkey on developing FinTech with the Turkish Stock Exchange and participating banks, TheCityUK and its members and academics.
- Developed an online survey to compile comprehensive data to describe the current smart mobility ecosystem in Turkey having potential to lead to opportunities for UK companies.

The UK Government offers a range of services to assist UK businesses expand into overseas markets. Full details can be found on the Department for International Trade's website: <https://www.gov.uk/government/organisations/department-for-international-trade/about-our-services> and the GREAT campaign website www.great.gov.uk

Indonesia³⁷

- Showcased UK expertise at a UK pavilion during Indonesia Infrastructure Week. Participating UK companies reported that, collectively, they anticipated approximately £8 million of business as a result of business engagement.
- Showcased UK renewable energy capabilities and progressive policy through inward mission to UK for Indonesian companies and ministry officials. Visits included Recycling and Waste Management exhibition and Zero-Emission Vehicle Summit.
- Highlighted UK expertise in offshore wind, marine energy, solar power and rural electrification at an event in East Java, targeting private companies operating there and from the eastern Indonesian islands.



³⁷ Indonesia's activity has been recorded separately to Southeast Asia as it has its own programmes separate to the ASEAN programmes

ANNEX 1: Programme summaries

More programme details are available at <https://www.gov.uk/government/collections/cross-government-prosperity-fund-programmes>

Global Anti-Corruption (Foreign & Commonwealth Office)

The programme underpins wider work to promote a better global business environment through combatting corruption. It aims to disincentivise corruption, recover illegally gained assets, and tackle impunity.

Asian Infrastructure Investment Bank Special Fund (HM Treasury)

The programme supports the Asian Infrastructure Investment Bank, a new multilateral development bank based in Beijing, to stimulate the pipeline of high quality infrastructure projects in less developed countries.

Better Health (Foreign & Commonwealth Office)

The programme aims to improve public health in Malaysia, Philippines, Vietnam, Thailand, Myanmar, South Africa, Brazil and Mexico by tackling premature death and illness due to non-communicable diseases (NCDs) and through improvements to healthcare systems and patient safety.

Centre for Global Disaster Protection (Department for International Development)

The programme aims to help developing countries strengthen their disaster planning and get finances in place before disasters strike, enabling them to respond and recover more quickly.

Global Infrastructure (Foreign & Commonwealth Office)

The programme aims to build the capacity of middle income countries to develop major infrastructure projects by training and adopting best practice methodologies in infrastructure project planning, preparation and delivery.

Global Business Environment (Foreign & Commonwealth Office)

The programme aims to build the capacity of middle income countries to develop major infrastructure projects by training and adopting best practice methodologies in infrastructure project planning, preparation and delivery.

Unlocking economic opportunities in Colombia's post-conflict and conflict-affected regions (Foreign & Commonwealth Office)

The programme supports Colombia's economic development in its post-conflict period. It focusses on strengthening institutions, regional competitiveness, transport procurement, rail infrastructure, urban development, agricultural insurance and innovation for smallholders.

UK-India Green Growth Equity Fund (Department for International Development)

The programme is supporting the Green Growth Equity Fund to help boost private investment into Indian infrastructure, addressing a key constraint to inclusive economic and social development in India.

Global Finance (Department for International Development)

The programme aims to draw on the City of London's uniquely strong finance offer to create shared

prosperity by connecting developing countries to broader sources of capital, increased financial services and world-renowned expertise.

Skills for Prosperity (Department for International Development)

The programme provides support to improve the quality, relevance, equity and cost-effectiveness of higher, technical and vocational education training in nine middle income countries, helping women, youth and other excluded groups to find better and more secure employment.

Global Trade (Foreign & Commonwealth Office)

The programme is providing support to facilitate free trade and open markets for ODA eligible middle income countries, in turn enabling greater investment and interaction with global value chains to support opportunities for employment and increase prosperity.

Global Future Cities (Foreign & Commonwealth Office)

The programme is providing support to 19 selected cities across ten countries to encourage sustainable development and increase prosperity, whilst alleviating high levels of urban poverty.

Digital Access (Department for International Development)

The programme is exploring sustainable solutions for affordable and inclusive digital access, for development in excluded or underserved communities in Kenya, South Africa, Nigeria, Brazil and Indonesia.

Mexico (Foreign & Commonwealth Office)

The programme aims to strengthen financial services, energy provision, urban planning and development, and the rule of law, whilst reducing corruption in Mexico.

Brazil (Foreign & Commonwealth Office)

The programme aims to support Brazil's shift towards resilient sustainable development through facilitating trade, improving energy infrastructure and promoting green finance; including establishing a Green Investment Bank based on the UK's model.

India Economic Reform and Prosperity Programme (Foreign & Commonwealth Office)

The programme aims to unlock India's economic prosperity, focussing on energy and low carbon; urban development and smart cities; ease of doing business; financial services; and skills.

Indonesia Regulatory Reform (Foreign & Commonwealth Office)

The programme seeks to improve the business environment by working with the Government of Indonesia to put into place systems for improved central oversight and co-ordination of regulatory reform, as well as tools and guidance to support the delivery of regulation.

Indonesia Renewable Energy (Foreign & Commonwealth Office)

The programme supports the expansion of the renewable energy sector in Indonesia through policy reform; technical assistance; demonstration projects; and international knowledge transfer and innovation.

ASEAN Economic Reform (Foreign & Commonwealth Office)

The programme aims to improve the business environment and develop financial markets in Southeast Asia.

ASEAN Low Carbon Energy (Foreign & Commonwealth Office)

The programme aims to support Southeast Asia's low carbon transition, driving progress in green finance and energy efficiency.

China 1,2 & 3 (Foreign & Commonwealth Office)

Prosperity Fund work in China is organised as a portfolio of up to seven strands covering infrastructure; energy and low carbon; financial services; business environment; health; skills; and sustainable urban environments. The work will support China's transition to a sustainable, inclusive and productive economy.

Turkey Financial Services (Foreign & Commonwealth Office)

The programme will support financial sector reforms in Turkey to ensure more stable sources of longer-term financing; diversify finance instruments; and establish Istanbul as an International Financial Centre and FinTech Hub.

Investment Promotion (Department for International Trade)

The programme aims to support the developing and emerging markets of South Africa, Nigeria, India and the Philippines in attracting foreign direct investment (FDI).

Unlocking Prosperity in the Horn of Africa (Department for International Development)

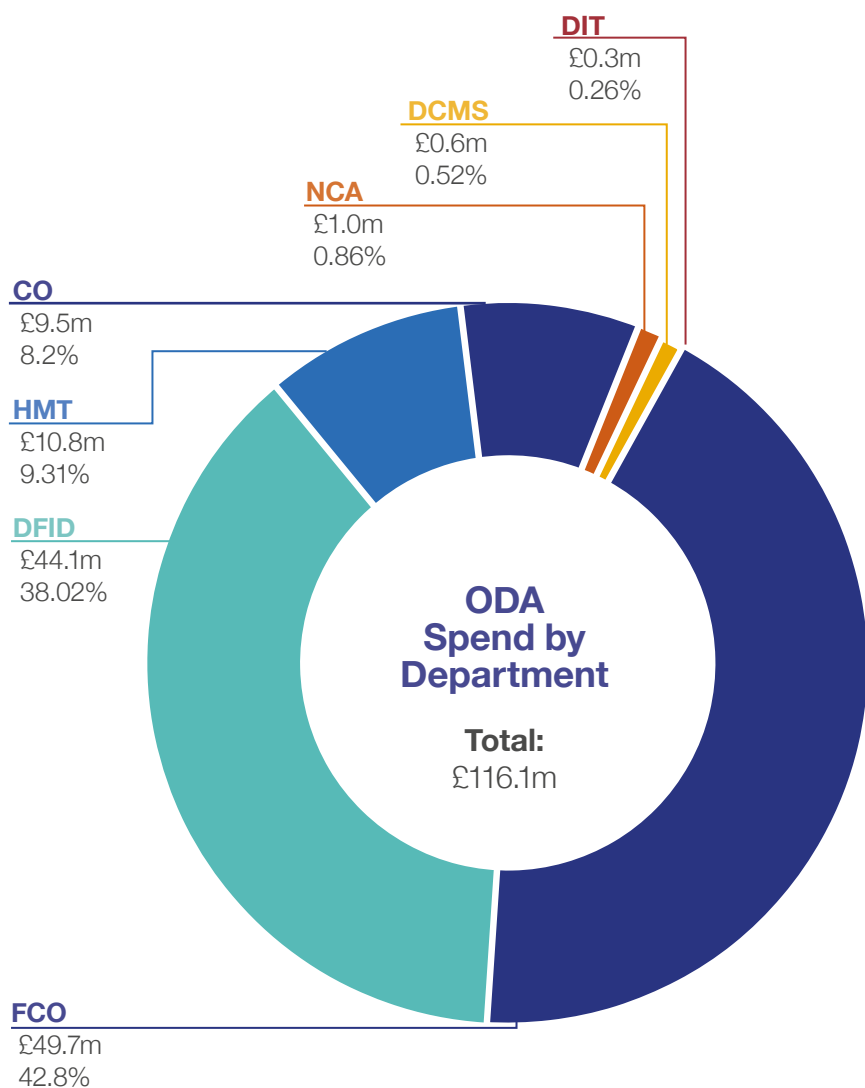
The programme supports infrastructure development in the Horn of Africa including the upgrade of critical bottlenecks such as river crossings; and regulatory work on trade, transit and customs.

UK-India Tech Partnerships (Department for Digital, Culture, Media and Sport)

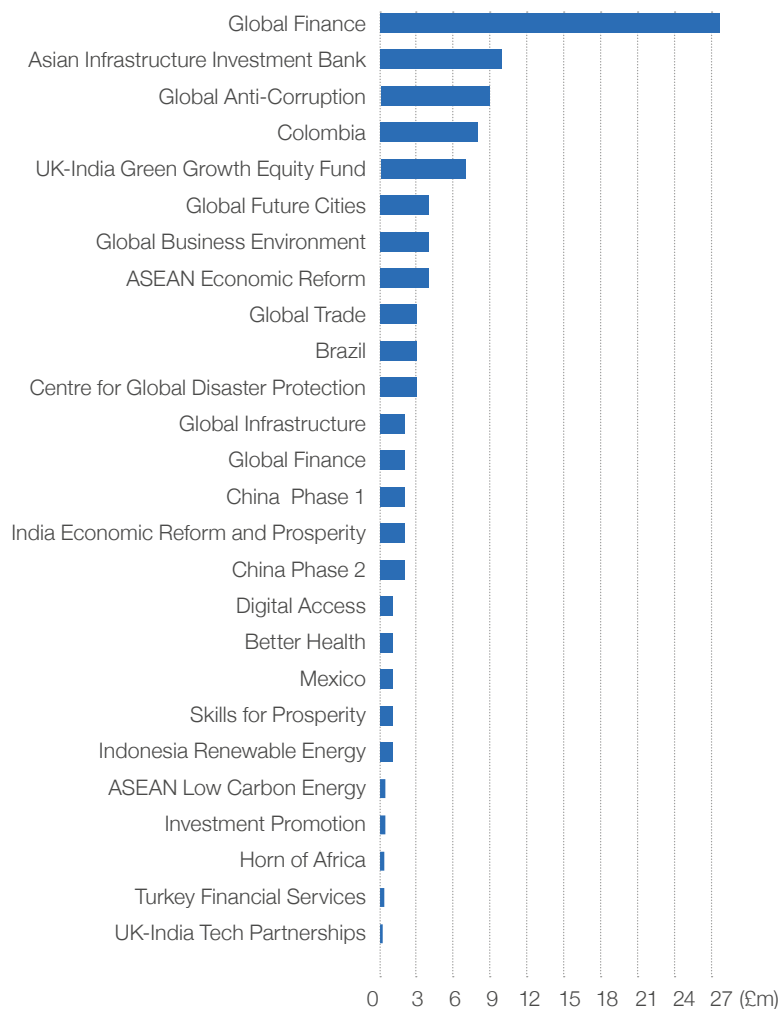
The programme aims to unlock the potential of the technology industry in India, supporting high-skilled employment opportunities and economic growth.

ANNEX 2: Financial Information 2018/19

The Fund spent 97% (£116.1 million) of its £120m ODA allocation in the financial year.



Spend by programme (in £million)



ANNEX 3: Theory of Change

A Theory of Change provides the basis for planning at Fund and programme level, programme design and management, and indicators for assessing impact. It explains the journey from near-term outputs and activities through to long-term poverty reduction. Each programme will have project-specific theories. Beyond intermediate outcomes, economic theory will demonstrate that the Fund contributes positively to the UN Sustainable Development Goals. This approach is typical of large organisations like the World Bank and United Nations.

The fund aims to contribute a modest effect at Intermediate Outcome and above.



UK businesses are key partners/service providers in target sectors.

Intermediate outcomes

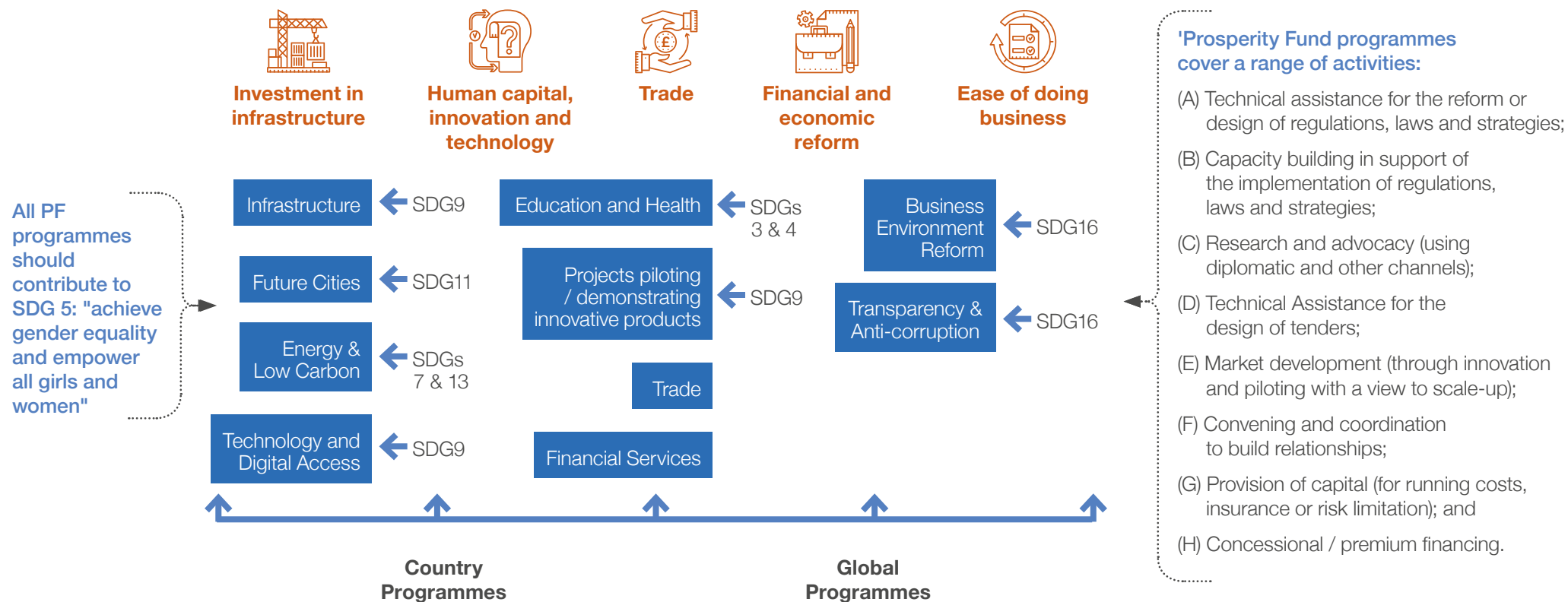


Secondary benefits
New opportunities and mutually beneficial economic relationships are developed in sectors where the UK has a comparative advantage.

Partnerships in the delivery of intermediate outcomes lead to a greater understanding of sectoral best practice, UK expertise and opportunities for mutually beneficial economic relationships.

Three-pillar understanding of sustainability runs through programming design—green, self-financing and inclusive.

Intermediate outcomes



Underlying assumptions:

A1. Three-pillar understanding of sustainability runs through programme design—green, self-financing and inclusive.

A2. PF programmes and interventions have built in design approaches that address issues related to the economic empowerment of women and inclusion in line with the UK's Gender Equality Act and the Prosperity Fund Gender and Inclusion Policy, Guidance and Inclusion Framework.

A3. There is an appropriate balance between primary and secondary benefits.

A4. The Prosperity Fund brings additionality and a unique programmatic offering to the countries and sectors in which it works.

A5. Human resource capacity and management needs at programme and fund level have been identified and measures have been put in place to support management.

A6. Evidence on VfM is used to guide improvements to PF programmes and processes.

A7. The PF is learning key lessons from its programmes and projects.

ANNEX 4: Portfolio indicators

The Fund will aggregate outcomes from across the portfolio to establish the effect of the Fund as a whole. These portfolio indicators include:

Key Performance Indicator	Programmes planning to report against
Value of public and private finance mobilised for renewable energy projects as a result of Prosperity Fund support	Asian Infrastructure Investment Bank ASEAN Low Carbon Energy Brazil China Phase 1 India Economic Reform Indonesia Renewable Energy Mexico UK-India Green Growth Equity Fund
Number of future cities strategies and pilots implemented which meaningfully incorporate disadvantaged groups' views into the design	Brazil Colombia India Economic Reform and Prosperity Mexico
Number of women and men with improved access to affordable transport	Brazil Colombia Global Future Cities India Economic Reform and Prosperity Global Infrastructure
Number of women and men with improved access to digital and telephony infrastructure	
Number of women and men with higher incomes following Prosperity Fund skills development interventions	India Economic Reform and Prosperity
Number of women and men with improved access to affordable healthcare and medicines on a sustainable basis	China Phase 2 Better Health
Number of women and men with formal, full time jobs directly created through the work of the Prosperity Fund	Colombia Global Finance for Inclusive Growth Investment Promotion Mexico UK-India Green Growth Equity Fund
Number of firms (disaggregated by size and ownership) helped to export through the Prosperity Fund	Brazil

Key Performance Indicator	Programmes planning to report against
Value of risk and liabilities associated catastrophic events, including impact on women, youth and local and marginalised communities, covered through the Prosperity Fund	Colombia Centre for Global Disaster Protection
Number of women and men supported to open an account at a bank or other financial institution or with a mobile-money-service provider	China Phase 1 Mexico Turkey Financial Services
Corruptions Perceptions Index – Transparency International (country level)	Global Anti-Corruption ASEAN Economic Reform China Phase 1
Cost of business start-up procedures (% of GNI per capita) – World Bank Doing Business (country level)	ASEAN Economic Reform Global Business Environment India Economic Reform and Prosperity Indonesia Regulatory Reform
Number of Overseas Direct Investment (ODI) leads generated	ASEAN Economic Reform Brazil Colombia -Investment Promotion
Number of Foreign Direct Investment (FDI) leads generated	ASEAN Economic Reform Brazil China Phase 1 Colombia
Value of opportunities for UK businesses won (Non-ODA activity)	ASEAN Economic Reform Brazil Colombia

ANNEX 5: Sustainable Development Goal by programme

Programme	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Asian Infrastructure Investment Bank	✓				✓		✓	✓					✓				
Centre for Global Disaster Protection	✓	✓			✓				✓		✓		✓				
Digital Access	✓				✓				✓								✓
Global Future Cities	✓				✓				✓		✓		✓				
Global Anti-Corruption	✓				✓			✓								✓	
Global Business Environment	✓				✓			✓	✓	✓			✓	✓			
Global Finance	✓							✓									
Better Health	✓		✓		✓			✓									✓
Global Skills	✓			✓	✓			✓					✓				
Global Infrastructure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						
Global Trade	✓				✓			✓									
Investment Promotion	✓				✓			✓								✓	
Brazil	✓		✓			✓	✓	✓	✓		✓		✓				✓
Colombia	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	
UK-India Green Growth Equity Fund	✓				✓		✓	✓	✓				✓				
ASEAN Economic Reform	✓				✓			✓	✓	✓						✓	
ASEAN Low Carbon Energy (partial completion, awaiting response)	✓		✓		✓		✓	✓	✓		✓	✓	✓				
China (Phase 1)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
China (Phase 2)	✓		✓	✓	✓		✓	✓		✓		✓	✓				
China Sustainable Urban Environments (Phase 3)	✓				✓	✓	✓	✓	✓		✓		✓				
India	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓			✓	
Indonesia Renewable Energy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓		✓
Indonesia Regulatory Reform	✓				✓			✓	✓								
Mexico	✓				✓		✓	✓	✓	✓	✓		✓			✓	
Turkey Financial Services	✓				✓			✓	✓	✓						✓	✓
India Economic Reform and Prosperity	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓				✓
Horn of Africa	✓				✓			✓	✓		✓		✓				



HM Government

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Further information on the Prosperity Fund is available at:
www.gov.uk/government/publications/cross-government-prosperity-fund-programme