Department for International Development

The engine of development:
The private sector and prosperity for poor people

UK aid is about generating **opportunity and prosperity** for poor people in developing countries.

This document sets out how we intend to put the private sector centre-stage in doing this.

Our new approach to working with the private sector is about us doing **more** with and for private enterprise, extending this work in **new areas**, and doing it **better**. We want private sector thinking to become as much part of DFID's DNA as our work with charities and governments.

The new approach will deliver **results for poor people**: better job opportunities and incomes; more readily available and affordable finance for households and small businesses; and more accessible, better quality healthcare, schooling and basic services.

The approach will back interventions with potential to **transform the business environment**; reducing barriers, costs and risks of doing business, expanding markets and trade, boosting energy availability, and strengthening transport and communications. At the same time, we'll strive to expand the business environment by **stimulating private investment** in places presently shunned by commercial investors – through a revitalised CDC and through existing and new international organisations.

Our **development priorities** will permeate all our work with the private sector. An absolute commitment to poverty reduction. Empowering girls and women. Fighting and coping with climate change. Helping recovery from conflict and natural disasters. Greater transparency. More use of evidence and independent evaluation.

We believe the approach will **be good for development and good for the UK**. Fostering private sector growth in developing countries will help them become more attractive trading partners for the UK and better able to deal with disasters, disease and environmental degradation.

This document is not a blueprint for our future work. We are **learning**, and want to learn more, about how best to encourage the **dynamism** of private enterprise as an engine of development and poverty reduction.

Headline Results

We will:

- Help more than **50 million people** to access savings, credit and insurance
- Help **half the countries** in Africa benefit from freer trade
- Secure the right to land and property for more than **six million people**
- Support jobs and opportunities to generate income for more than **ten million people**

Of these results, our focus on women and girls will specifically target access to finance for **18 million women** and opportunities and secure access to land for **4.5 million women**.

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Foreword

Some 150 years ago – just four or five generations past – standards of living in the UK were not unlike those today in many countries in sub-Saharan Africa and South Asia. In 1840, life expectancy was about 40 years[1]. In the 1890s, about one in ten babies born died in infancy. In the mid 1800s, nearly 50% of the population was still rural and largely dependent on agriculture and the vagaries of the weather. Even at the end of the 19th century more than a quarter of the population lived at or below subsistence levels. It was not until The Factory Act of 1833, when a compulsory two hours' schooling each day was introduced, that many children had access to any formal education. And these conditions were generally far better than those of most other European countries.

The transformation in our country and lives since then is largely due to private enterprise. Enterprising farmers experimented with new farming techniques that revolutionised agricultural productivity and allowed millions to leave the land. Entrepreneurs built the new industries that employed them. Inventors created the light bulbs that lit their homes and work-places. Pioneering businesses found or generated the energy that powered them. The wealth produced by enterprise, whether through philanthropy or taxes, funded the schools, hospitals, waterworks and sewers that underpinned a healthier, better educated, more productive population.

Similar transformations have occurred in our life-times in countries that our parents would have considered impoverished. Many countries, including Botswana, China, the Republic of Korea, Malta, Oman and Thailand have seen high and sustained GDP growth since the Second World War. Botswana's people have seen their per capita income rise from $210 in 1960 to $3,800 in 2005, the Republic of Korea's from $1,100 to $31,200 over the same period, and Thailand's from $330 to $2,400. Increasing prosperity has raised living standards. From 1960 to 2009, life expectancy in the Republic of Korea rose from 54 to 80 and in Thailand from 54 to 69[2]. Since 1970, secondary school enrolment in Botswana has risen from 6% to 82% of boys and girls, in the Republic of Korea from 40% to 97% and in Thailand from 17% to 76%[3].

Yet many countries languish behind – and many of these are the focus of Britain's development policies.

This publication sets out our plans to help private enterprise work its miracles as the engine of development in countries whose populations still have the most basic standards of living, whose vitality is sapped by unemployment, and whose business is thwarted by want of investment, energy and communications, and by weak property rights, difficulties in enforcing contracts and red tape.

UK aid is about changing this – it is about generating innovation, opportunity and prosperity for poor people in developing countries. And as developing countries become wealthier, so they become more attractive trading partners for the UK and better able to deal with natural disasters and climate change. Private sector growth will help them to graduate from needing aid.

Our track record shows instances of great inventiveness and effectiveness in working with the private sector.

Our new approach to working with the private sector will be to scale up the interventions that have proven most effective; to extend these approaches to new fields and unreached people – and to do both with increasing capability and effectiveness.

We will back approaches that have systemic impact, that reward results rather than processes, that harness competition to stimulate innovation and drive value for money, and that catalyse private investment for the benefit of poor people.

We are not starry-eyed. Private companies can behave badly or simply ignore the marginalised. Standards matter – as do effective state and market institutions. But all around the world the engine of the private sector is driving development.

Our enthusiasm to work more with the private sector will be accompanied by attention to ensuring that decent standards are observed by investors and firms. We will look to improve governments' capacity to regulate and supervise business. But government reform can take a long time to enact – and we will also look to increase transparency and the ability of the public to demand high standards of behaviour by companies. At the same time, we will encourage companies to do business in new ways that expand possibilities for poor people – by buying from them or the firms that employ them; and by developing new products and services suited to them.

However, most developing countries suffer more from too little private investment than from badly behaving investors – so we will prioritise getting more as well as better investment into the poorest regions that are most in need.

We know that people are better able to capitalise on the opportunities created by private enterprise if they are healthy, well-educated and benefit from efficient public administration. So our approach to working with the private sector will not temper our drive to improve healthcare, schooling, justice and other public goods in developing countries. On the contrary – we will continue to invest heavily in these areas, and explore ways we can leverage private capabilities to complement public ones.

This publication is not a blueprint for the coming years. Dynamic private enterprise does not follow static blueprints.

Rather it is about how we will help create conditions in which enterprises flourish; how we will help unleash the incredible entrepreneurial spirit that strikes me whenever I step into a poor country – people striving ingeniously to get by with often the barest of means – and turn it into enduring growth; how we will use British taxpayers' resources in smart ways to stimulate new investment and capitalise on the resources and efficiency of the private sector to deliver services for poor people.

It is the absence of broad-based business activity, not its presence, that condemns much of humanity to suffering.

Kofi Annan, UN Secretary General, June 2005[4]

Nor does this publication cover everything we are considering doing. We give examples of some exciting young programmes and plans. But it is early days – and we will look to listen and learn and evolve – directing and redirecting our resources in ways the evidence shows to be most effective in generating wealth for millions of people and building a more prosperous world for us all.

Secretary of State for International Development – Rt. Hon Andrew Mitchell MP

WHY we work with the private sector

We are making a step change in our engagement with the private sector because:

Rising incomes and wealth are driving poverty reduction, and investment in growing businesses is the primary driver of rising incomes and wealth.

That economic growth is the primary driver of poverty reduction is well evidenced. On average, four fifths of poverty reduction in recent decades can be attributed to growth in average incomes[5].

There is no one recipe for growth but we know that getting investment levels up matters and we know that getting the environment right for the private international and domestic sector to invest and thrive is crucial.

However, foreign investment is largely bypassing the poorest countries[6]. Just 2% of foreign direct investment (FDI) flows to the least developed countries[7]. In the wake of the financial crisis FDI flows fell by around 14%[8]. We know that there are investment opportunities in the poorest countries and that there are returns to be made. Driving up the investment levels in the poorest countries is a crucial part of delivering poverty reduction.

By catalysing more private investment and deepening private sector links into communities we can multiply the reach of the private sector and increase the opportunities for poor people.

The private sector is more than just the engine of growth; it is also a key mechanism for women

Low income countries are experiencing high GDP growth rates together with a decline in the number of poor people and men to participate in and contribute to that growth. By creating jobs and opportunities, by providing new goods and services including financial services to poor people and by paying taxes it has a pervasive value to society. Its ability to innovate and do things more efficiently allows societies to achieve more with the resources at their disposal. We know that when the private sector brings the spark of its imagination and innovation to develop localised solutions – poor communities, as well as the owners and workers in private enterprise, will benefit.

By working with private enterprise and being open to new ideas we can find ways to improve the reach and delivery of basic services, and the aid we distribute, to poor people.

It is not just the private sector itself that will benefit from innovation and efficiency; it has much to teach the public sector and the aid industry about delivery, about logistics, reaching the most remote communities, nurturing talent and taking risks for higher returns.

The UK benefits too…

Promoting wealth and job creation in the poorest countries is not just morally right but it is in the UK's interests too. It is in the emerging markets that were poor just 10 or 20 years ago that UK companies are now winning new business and which are expanding at unprecedented rates.

But many of the poorest countries have not yet reached emerging market status. Investing now in jobs and enterprise in these poorer countries means investing in the people and societies who will be the mass consumers of the future.

Making Bednets in Tanzania: A to Z Textile factory

Photo credit: William Daniels/Panos

HOW we work with the private sector for development results

Our approach

Our aim is to bring private sector ideas, innovation and investment into the heart of what we do. In summary DFID's new approach to working with the private sector is to do more with private enterprise, extend the reach of our programmes with business into new areas and ramp up the value for money and impact of our private sector work.

Working in partnership

We will deploy our expertise in development and our resources to catalyse business; stimulating entrepreneurs and investors to be creative in their own contributions to development.

Getting more private sector DNA into DFID

We plan to listen and learn more from business, when we recruit we will bring in people from the commercial and financial world and invite businesses to second their best people to us for short assignments. We will put together small, time-limited groups of people from business, foundations, academia and non-governmental organisations (NGOs) to address defined challenges or opportunities and keep thinking about how to get better at this.

The importance of evidence

Evidence on how best to apply public resources to catalyse private sector development is of varied depth and quality[9]. We are committed to bolstering this evidence base; by commissioning research, by monitoring, evaluating and learning from our programmes and partners, by keeping a clear focus on poor people when we do so, and by making the evidence publicly available.

Value for money

In our engagement with the private sector we will strive to get the best possible value for money for poor women and men and to demonstrate the results they get from what we do. We will be driven by achieving results for poor people in the selection and design of our interventions.

Measuring impact of DFID work with the private sector

We will measure our impact, particularly in the 27 countries[10] in which DFID will focus. We will measure our impact on private investment, the availability, quality and cost of services and the efficiency and effectiveness of our programmes that benefit poor women and men.

Pressing metal sheets at Shumuk Aluminium Factory, Uganda

Photo credit: Mikkel Ostergaard/ Panos

Our principles

In our selection of partners and working out what best to do, we will be guided by the following principles:

Dedication to poverty reduction

At the heart of all of DFID's work with and about the private sector will remain the commitment to reducing poverty enshrined in the UK International Development Act. By law, everything we do must reduce poverty – and we embrace this.

UK aid is untied

Our new approach to working with the private sector will not compromise the principle that our aid is tied to poverty reduction, not to promoting UK trade or other commercial or political ends.

Standards matter

We are committed to raising standards in business; encouraging the private sector to invest and operate in developing countries in a way that is socially responsible, environmentally sound and legally compliant. The UK government strongly encourages businesses to respect human rights, adhere to the standards laid out in the OECD Guidelines on Multinational Enterprises and acknowledge and implement the UN Global Compact principles on human rights, anti-corruption and responsible investment. The UK's own body that invests directly in the private sector, CDC Group plc, has an Investment Code that sets out the environmental, social and governance standards it expects from the companies benefitting from CDC investment.

Common ground with the private sector

Commitment to transparency and driving out corruption

We are committed to making our aid fully transparent[11]. The UK government will not tolerate corruption and has stepped up the battle against it. We have set up the Independent Commission for Aid Impact to provide unflinching scrutiny over DFID's work and introduced a radical new aid transparency guarantee so people can see where money is going. The UK's new Bribery Act 2010 aims to help tackle the threat that bribery poses to economic progress. DFID is funding units within the Metropolitan Police and City of London Police to investigate allegations of corruption relating to developing countries that involve British citizens or companies.

Careful and catalytic use of public subsidy

We will only engage where public subsidy can add significant value. This requires us to be hard headed in our decision making. We will not invest our funds to support work that the private sector is already willing to undertake without our involvement. Scarce aid resources will only be used where we identify that markets, enterprise or institutions are significantly failing poor people and that our support could potentially offer tremendous and transformational opportunities. We will use competitive approaches in allocating our resources, working with those private sector partners who can demonstrate that they are best placed to use them.

Arch Taloja Pharmalabs, Mumbai

Photo credit: CDC

Encouraging competition

We will encourage fair, competitive environments in our partner countries. Where competition doesn't work well, poor people lose out. Poor people are the ones likely to be charged high prices by cosy cartels, and they are not the ones who have the connections to benefit from rich contracts awarded in shady corners.

Working with DFID

We know that we need to get better at sharing information with the private sector at home and abroad about how to work in partnership with DFID. The final section of this document outlines some schemes offered by DFID and other parts of UK Government. We will strengthen this information and make our website more user-friendly and comprehensive in signposting people who want to work with us to the right place.

The following sections give examples of how DFID will engage with the private sector to seek lasting, positive effects on the lives of poor women and men. Our work falls into two approaches:

- Engaging with firms directly and indirectly so that they generate more jobs, opportunities, income and services for poor people. We will select interventions that aim to maximise these results, even for poor people who are usually overlooked.

- Transforming the environment in which firms operate. This is about cutting red tape, growing and facilitating trade, making electricity available, improving transport and communications, opening up banking networks for small firms and pioneering new investment markets, so that private operators can follow.

WHAT results will DFID work with the private sector to deliver for poor people?

Examples of our approach

Creating jobs, opportunities and income

Fighting poverty is at its heart about raising incomes. Over 1.4 billion people in the world still live on less than US$1.25 a day[12]*. Without the possibility of bringing home a decent, reliable income, poor people are trapped on a treadmill of survival. The tragedy is that so much of poor people's determination and energy goes to waste. Even those that have work are often underemployed; earning little for long hours from what is for many, their only asset – their labour. Developing countries need their people to be productive. The opportunity for a burgeoning young population to participate in their countries' growth is there, if they can only be gainfully employed.*

Creating economic opportunities

We are working to create opportunities for poor men and women's hard work to pay off. We'll seek to improve the business environment for small and medium enterprises. Through schemes like the Business Call to Action and the Business Innovation Facility – we will encourage companies to adopt inclusive business models to employ more poor people or to involve more local enterprises in their supply chains, procurement processes and distribution systems.

Making markets work

The African Enterprise Challenge Fund and Food Retail Industry Challenge Fund use competition to fund the development of the most commercially viable enterprises and projects in agriculture and other sectors. The DFID supported Making Markets Work for the Poor approach brings together businesses, farmers, financiers and governments to address system-wide issues where markets are failing the needs of poor people.

The DFID-backed **African Agricultural Technology Foundation** builds on technology developed by Bayer to develop strains of maize that are resistant to striga, a weed which drastically reduces the yields of one of African farmers' most important food staples.

In Bangladesh DFID funds the Katalyst programme which has generated 183,000 jobs in five years by helping poor farmers sell their produce. By 2013, Katalyst plans to help generate incomes of up to $280 million for 2.3 million farmers and small enterprises. New programmes to make markets work better for poor people are under way in Kenya, Nigeria, Mozambique, Nepal, Bangladesh and the Occupied Palestinian Territories.

In Nigeria we are working with a private fertiliser company who are supplying small-scale farmers with affordable 1kg bags of fertiliser. Private agricultural dealers are providing training to increase farmers' crop yields. Our pilot programme aims to reach 171,000 poor households, create 55,000 new jobs and generate £4.8 million in increased income.

DFID is supporting jobs and opportunities to generate income for more than 10 million people

Finance for people and small enterprises

More than two and a half billion people have no bank accounts or insurance[13] – services that can mean the difference between surviving and thriving. Small businesses[14] account for over 45% of all employment in developing countries[15]. Their growth is vital to creating jobs and increasing prosperity – yet they are typically stymied by difficulty in raising finance.

The Kenyan **Equity Bank** shows how DFID can use smart interventions to nurture early stage businesses into transformational commercial viability. Over 10 years, Equity Bank has grown from a small, fledgling outfit to being the largest publicly listed bank in East and Central Africa. Our support through a succession of partners – the Financial Sector Deepening Trust, MicroSave, Financial Deepening Challenge Fund, AfriCap and CDC – has helped Equity Bank grow from a client base of about 250,000 in 2003 to nearly six million clients in 2011, comprising 57% of all bank accounts in Kenya.

Helping people access basic financial services

Poorer households tend to have irregular and unpredictable incomes and expenses. They need financial services to help them cope – but often have to use informal mechanisms that offer little protection and which charge far higher prices than we would accept. Where we go to a bank for a loan or use a credit card to manage unexpected expenses they go to the moneylender for credit and the pawnbroker for liquidity.

We will help more than 50 million people access savings, credit and insurance through programmes to "deepen" the reach of the financial sector, to serve the needs of poor people. Our support for Enhancing Financial Innovation and Access in Nigeria will help 10 million people get access to finance by 2015. We also help poor people protect

Photo credit: John Spaull/Panos

Making good business sense

In Cameroon, as part of a DFID-supported initiative, the maker of Guinness beer Diageo replaced imported barley with locally-grown sorghum in its brewing, trained farmers (the majority women) and has helped provide almost 2,000 farmers with better livelihoods.

themselves from financial abuse. Through the Financial Education Fund we build the financial capability of poor communities. The Financial Sector Reform and Strengthening Initiative, (FIRST), gives targeted specialist advice to help countries reform and strengthen their financial sectors.

Banking on mobile phones

Over a billion people own a mobile phone but do not have a bank account[16]. DFID support for the CGAP Technology Programme alongside the Bill & Melinda Gates Foundation aims to harness mobile phones and other technology to help 30 million people get better financial services. This builds on the enormous success of M-PESA, the revolutionary mobile banking platform launched in Kenya with DFID support. By promoting innovation we can deliver at a scale that makes banking affordable for poor people.

In Pakistan, we are supporting the mobile banking service easypaisa. In just two years easypaisa now has a larger footprint than all the banks in Pakistan combined and has processed over 10 million transactions.

M-Pesa/M-Kesho user interface
Photo credit: FSD Kenya

Unleashing the potential of small businesses

We plan to collaborate with commercial banks and multilateral partners to address the funding gap for small and medium enterprises; aiming to provide financing to 300,000 enterprises in some of the world's most challenging markets in fragile and low income states.

Ugandans will be able to bank almost anywhere

Through a DFID supported Business Call to Action initiative, MAP International is revolutionising access to banking in Uganda. An identity card doubles as a debit or credit card. A mobile banking network and the use of hand-held electronic "chip and pin" devices mean that agents can move to where people need their bank to be: such as at the market on trading day. More than 105,000 customers now use the mobile banking technology. Half had never before had a bank account.

Photo credit: Map International

Healthcare, schooling and basic services

Amongst the defining characteristics of poverty are services that do not meet basic human needs. Too often for poor people; water is dauntingly distant, there is nowhere to defecate without risking contaminating drinking water or spreading disease, and decent schooling, healthcare and medicines are out of reach. The figures are stark; 880 million people lack access to safe water and 2.6 billion lack proper sanitation[17], 69 million girls and boys wake up each morning and do not go to school[18] and every day, 1,000 girls and women die in pregnancy and childbirth[19].

The majority of UK aid for basic services is through governments and not-for-profit organisations. But chronic constraints in budget and capacity hamper the reach and quality of the services delivered by the public sector in many places. In lots of developing countries public utilities serve less than 50% of the urban population[20]. Many poor people buy healthcare from private and other non-state providers[21], because they have no alternative or because they prefer these to low-quality public clinics. In many developing countries, the poor are giving up waiting for the state to provide decent schooling and are choosing to pay for low-cost privately-run schools. One study found 75% of children in Lagos attend low budget private schools[22]. Making good basic services available for all will need innovative approaches from the private and NGO sectors as well as public resources and leadership.

DFID will explore how to make the extensive non-state provision of basic services work better for poor people. We will consider how best to improve poor quality private provision; and look to scale up where non-state provision offers the best option for reaching more poor people with good services. We will explore new ways to help poor people and marginalised communities access services, for example by putting purchasing power in their hands so they can exert their basic rights to health and education.

Water is life

Maji Ni Maisha in Kenya uses a blend of commercial finance and results-based subsidy, provided through DFID-supported Global Partnership on Output-Based Aid, to extend access to clean water for rural communities and show that funding community water projects can be viable for commercial banks. Following a successful pilot, Maji Ni Maisha is expanding to reach over 165,000 households.

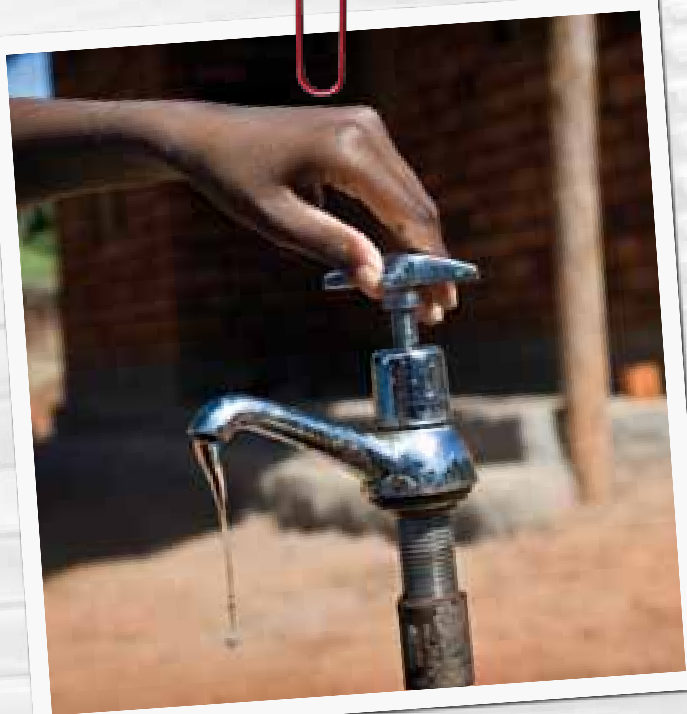


Photo credit: Sven Torfinn/Panos

Building public capacity to harness non-state providers

Public financing of healthcare – to pool risk and promote equity – does not necessarily entail public provision. DFID will explore how best to build public capacity on private provision of healthcare and schooling, including government capacity to contract private providers where it chooses to do this. This is an important area of work for the new partnership that DFID has been instrumental in putting together to Harness Non-State Actors for Better Health for the Poor. Public-Private Infrastructure Advisory Facility and Water and Sanitation Programme help build public capacity to engage with and regulate the private sector in water and sanitation.

Supporting community enterprise

We will also increase support for communities to organise and raise finance for the basic services they most need in the ways most suited to their circumstances and opportunities. The Community Led Infrastructure Financing Facility, which helps urban communities in India, Kenya and The Philippines to raise funding for affordable housing and better sanitation, has helped provide 27,000 slum dwellers with decent housing and over 1.4 million people with better sanitation.

Cheap and clean – the Uniloo

Unilever and Water and Sanitation for the Urban Poor have together designed the 'Clean Team' concept; a service offering self-contained portable toilets to improve health and hygiene for poor people. With DFID support the concept is being piloted in Ghana.

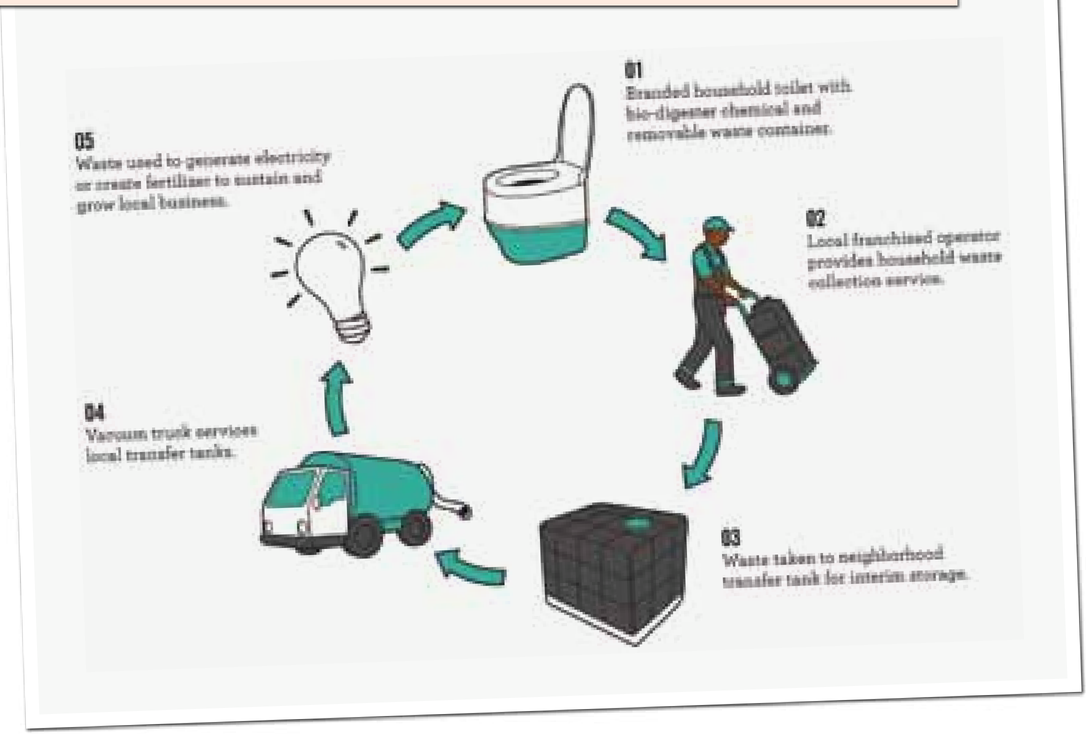


Photo credit: WSUP/ Unilever

Putting purchasing power in the hands of poor people

Too often, poor and vulnerable people are excluded from both public and private service provision. A key priority will be to widen access for all. In the public sector, this could mean subsidising the abolition of up-front fees at public health facilities (for example in Sierra Leone). For the private sector, this could mean abolishing up-front fees for poor people through subsidising entitlement vouchers, so that everyone, regardless of wealth, can gain access to, and even choose between, competing service providers.

In Pakistan where there are 17 million out-of-school children, DFID has been supporting a public private partnership in education for several years. We will scale up the successful partnership between Punjab Education Foundation's private schools and the Government of Punjab so that together both sectors reach more poor children closer to their homes.

In Nigeria we plan to give grants to 20,000 schools, including low-cost private and religious schools. In Kenya 300,000 girls and 100,000 boys will be empowered to access schooling, including low-cost private schools. These new approaches will be rigorously evaluated to test how well they serve poor children.

Technology-enhanced service delivery

The mobile phone has revolutionised access to finance, making cash transfers by mobile more and more commonplace in sub-Saharan Africa. We are supporting ventures that use mobiles to improve services in other fields, for example verifying that medicines are genuine. In Uganda we are partnering with United Nations International Children's Emergency Fund (UNICEF) and mobile phone companies to pioneer the use of free text messaging to provide real time anonymous feedback on the quality of health services. We will look to use new technologies to reduce the cost and increase the security of social protection payments.

Public-private partnerships (PPPs) – public and private combinations that bring the best out of both

In Mozambique preventative malaria treatments have fallen from one in every two women to just three in twenty because of bottlenecks in the supply of medicines. We are mobilising private sector expertise to help overcome capacity constraints in supply chains and help to plan for medicine needs. A similar approach in education led to a 30% improvement in the efficiency of the distribution of school text books.

Where public authorities choose to involve private enterprise (commercial and not-for profit) in the provision of public services there may be opportunities to drive up efficiency and innovation by linking payment to delivery and performance. We are piloting approaches that link payment to results through the Global Partnership on Output-Based Aid and the Health Results Innovation Trust Fund.

Building the evidence base

We acknowledge strong sensitivities over private involvement in public service provision, and that the evidence base is variable. As we take forward work in this field, we will take care to collect evidence on what works best and learn from this. We will do this in the programmes we back, and through fostering ventures that put evidence into the public domain. We support the Public-Private Infrastructure Advisory Facility and Water and Sanitation for the Urban Poor programmes to do this on water and sanitation. We will consider supporting similar initiatives in healthcare[23] and education.

WHAT results will transform the environment for business and investment?

Examples of our approach

Reducing barriers, costs and risks of doing business

Setting up a company is within the reach of most UK citizens; taking just six procedures and 13 days and costing less than 1% of per capita income. A Ugandan entrepreneur faces three times the number of procedures, double the time and a cost of more than 90% of average annual income[29].

In many countries, unpredictable government policies, lack of infrastructure, cumbersome and expensive procedures, inefficient courts, corruption and high taxes keep many businesses small and informal so they can operate "under the radar". This stops them competing effectively, hiring more people and growing. Foreign investors are deterred from bringing in much needed capital, equipment and specialist skills[30]. Improvements to the investment climate improvements in the 1980s and 1990s played a decisive role in the near doubling of private investment as a share of GDP in China and India; and in more than doubling in Uganda[31].

DFID works to help governments work better; getting rid of redundant rules, cutting red tape – and making regulation smarter and more effective.

Cutting red tape

In many of the countries DFID works in, we help reduce the number and cost of administrative procedures needed to start up and run a business. In Ghana, in 2005 it took over 2.5 months for an entrepreneur to register a business. By 2009, with DFID support, that was down to less than two weeks, with business registration up by 87% and more than 21,000 new businesses created[32]. Over the next five years in Ghana: we will help the Government to deliver 8% growth each year in non-oil sectors; aiming to create 100,000 formal jobs; increase 20,000 poorer farmers' incomes by 20% and double the productivity of manufacturing firms.

Reducing corruption

We aim to drive out corruption and empower businesses to advocate for fairer treatment in their commercial courts. Examples include our support for Kosovo's business associations to argue for better, more predictable regulations, and the DFID-backed Investment Climate Facility for Africa's (ICF) help for Tanzania's judiciary to deliver commercial justice promptly, efficiently and transparently through training and the use of modern technology to courtrooms.

Rights to land for people and businesses

Millions of people do not own or have formal rights to the land on which they live and work. This makes it difficult to plan or save for the future. The risk of losing land and property can deter people from committing their capital for longer term investment (for example, in irrigation) and make it difficult for them to borrow to do so.

Working with the Investment Climate Facility for Africa in Burkina Faso, we have helped to cut red tape: it used to take six months to transfer land and over eight months to obtain a construction permit, these delays have been cut to just 21 days and 19 days[33].

Development Priority: Building resilience in fragile and conflict-affected states

Stable, effective and accountable nations lie at the heart of prosperity and real progress. Conflict affected and fragile states need the same things as other developing nations – only more so. As the World Development Report 2011 made clear, cycles of conflict, violence and instability damage infrastructure and businesses, stop people from going to work or drive them off their land. 20 out of DFID's 27 focus countries are fragile states. We intend to do more to engage the private sector in accelerating economic and political recovery through jobs and new sources of income. We press development finance institutions like the World Bank's International Finance Corporation (IFC) to do more on fragile states. Building on the recommendations of DFID's Humanitarian Emergency Response Review[34], we will also explore opportunities to engage more with the private sector in disaster recovery.

In unstable environments people stop investing and over time key skills can be lost; from migration, lack of use, or from tragic loss of life. These skills need to be replaced and put back to work. In Afghanistan we will create 200,000 jobs and provide vocational training for 45,000 young people. The Afghanistan Business Innovation Fund will provide assistance and small grants to new businesses that focus on services, jobs and incomes that benefit the poor. In Somalia we will help create the conditions for new businesses to emerge in fisheries and ingredients in the food and perfumes industries, helping the country back into the international community through trade.

The genocide in Rwanda left a legacy of land disputes as people returned to their villages and homes. DFID is helping to map land boundaries through aerial photography so communities can agree land ownership amongst themselves. This will help give at least 6.4 million people the deeds to their land, half of whom will be women.

We want to address the lack of jobs and opportunities, particularly for young people, which are often an underlying cause of conflict. In Nepal where youth underemployment is currently running at 46%, we are supporting an Employment Fund to provide training and skills development that are directly linked to job opportunities for women and men from disadvantaged groups.

In the Democratic Republic of Congo where the involvement of armed groups in mineral extraction has been a major factor in conflict, we are supporting the Extractive Industries Transparency Initiative. This encourages the participation of civil society and the private sector in overseeing the mining sector so that money from well-managed legal mining flows back into the national treasury and regional development plans.

Weaving with Microfinance

In Afghanistan, DFID is helping poor people start and invest in small businesses. Tahira has received a £30 loan from Ariana Microfinance to boost her carpet-weaving business.

Photo credit: DFID Afghanistan

Expanding markets and trade

Trade is the lifeblood of global economies. Trade is a stimulus for growth and productivity and allows a country to expand its horizons beyond its national boundaries. Trade has a direct impact on poverty; on average, an increase in trade volumes of 10% will raise incomes by 5%[35]. Countries which miss out on the benefits of global trade are locked out of opportunities to profit from international expertise, low cost production inputs and much needed technology.

The opportunities to improve the lives of poor people through trade are huge; in Vietnam, export-led growth rates of 7-8% reduced poverty rates from 58% in 1993 to 16% in 2006[36]. There are many prospects to open up global and regional trade further to benefit developing countries. At present, Africa accounts for just 3% of global trade. African countries trade, on average, just 10% of their goods with each other, compared to 65% between European countries. A significant challenge lies in the cost of doing trade; in Africa transport costs can account for up to 75% of the total value of exports[37].

Reducing the costs of trading

The UK government is committed to reducing the costs and time taken to trade in developing countries by collaboration with governments and regional economic communities. DFID's new African Free Trade Initiative will support African-led approaches to accelerate regional integration and provide technical expertise to unlock issues that continue to hold back economic growth across the region.

Our Regional East Africa Integration and TradeMark East Africa programmes aim to achieve a reduction in the average trade transport costs in East Africa through better border management by 5-10%; and agree common procedures across East African countries for transport and logistics. In Chirundu, a border between Zambia and Zimbabwe, DFID supported the creation of a 'one-stop border post' to streamline customs' procedures and cut red tape. It will take an anticipated three hours, instead of three days, to cross the border. In Sierra Leone DFID support is helping to automate customs clearance procedures to reduce waiting times from six days to two days by 2012.

Photo credit: DFID Ghana

Making business easier in Ghana's markets

Cynthia Mensah is President of the 1,500 member Brong Ahafo market women's association. Thanks to a DFID-backed Challenge Fund the women of Brong Ahafo market have successfully campaigned for a fairer tax regime. The women will learn bookkeeping and pay tax on their reported incomes or, for those not able to keep accounts, pay an agreed flat rate. Paying taxes that are fair will keep Brong Ahafo's market traders inside the formal business sector, and entitle them, as tax payers, to improvements in government services. Cynthia says: "My business and that of other women in the market is better because we spoke up and took action about our concerns."

Opening markets

The Government's recent White Paper 'Trade and Investment for Growth' marked a redoubling of DFID's efforts to open global market opportunities to developing countries. We will press for EU preference schemes and trade agreements to be reformed in ways that enhance opportunities for trade for developing countries. The UK will continue to lobby within the G20 countries to provide 100% Duty Free Quota Free market access for Least Developed Countries, estimated to be worth up to $7 billion a year for their exports.

Raising the bar on working conditions

DFID is committed to improving working conditions for people in developing countries, often working in international supply chains. We provide backing to both the Ethical Trading Initiative (ETI), which drives better working conditions for 8.6 million workers in 40,000 supplier companies, and Fairtrade International which ensures that farmers receive fair prices for their products and workers receive better wages. DFID has established the Responsible and Accountable Garment Sector Challenge Fund which is working in Bangladesh, India, Nepal and Lesotho to stimulate and encourage better working conditions, particularly for female workers, in export garment factories.

Up to **four million** people will benefit directly from improved cross border trade in Africa over the next four years from regional trade initiatives that bring together business, farmers, infrastructure providers and private investors.

Creating and sustaining market linkages

It is challenging for smallholder farmers to access overseas markets because of the relatively small quantities produced and the demanding quality standards required. In Mozambique exports of fish are an important source of income. DFID is helping the industry to maintain its EU standards accreditation, thereby safeguarding some 70,000 jobs.

Food Retail Industry Challenge Fund (FRICH)

The Food Retail Industry Challenge Fund was set up by DFID to encourage UK retailers or retail brands to source new goods from sub-Saharan Africa by innovating in their products, services, marketing, business models and supply chains.

One of the challenge fund's projects supported Bettys & Taylors of Harrogate to get more tea from Rwandan farmers into their Yorkshire Tea and premium Yorkshire Gold blends. By helping to raise their product standards, the project has helped Rwandan tea farmers increase their incomes and compete more effectively in global markets.

Photo: Taylors of Harrogate

Development Priority: Expanding women's economic choices

Women account for 60% of the world's working poor[24] but own less than 10% of the world's property[25]. Discriminatory practices at workplaces, in regulation and in the home stifle women's entrepreneurial drive. Investing in girls and women can be transformational. Gender equality can drive growth rates[26] and can improve levels of welfare in communities. In Bangladesh providing credit to women rather than men increased the probability of children being enrolled at school[27]. Agricultural outputs in many sub-Saharan African countries could increase by up to 20% if women's access to agricultural inputs was equal to men's[28].

DFID will ensure that our work with the private sector benefits women and girls wherever possible; whether on skills development, providing access to financial services, ensuring rights to land and assets or addressing discrimination in the workplace. DFID is supporting land reform and changes in inheritance laws to secure women's rights to own and use property. In Nepal, DFID supports market-oriented skills training and links women and men to jobs through the Nepal Employment Fund.

In Zambia new financial products that target female clients are being developed for small and medium enterprises and in Zimbabwe the Wholesale Microfinance Facility goes beyond simply providing small loans. Finance linked to assistance aims to make women economically independent and less susceptible to gender inequalities and reduce HIV/AIDS infection from gender-based violence.

Trading up with Fairtrade

Rosemary Kadzitche, a peanut farmer in Mchinji, western Malawi, is one of many smallholder producers in Southern Africa whose income has been boosted since the DFID-supported Regional Trade Facilitation Programme gave her access to international markets. Mchinji district is at the centre of an initiative that is helping Malawi's farmers get their peanuts into UK supermarkets under the Fairtrade label. Rosemary's peanuts have made it to the shelves of UK retailers such as Tesco and Sainsbury's. Rosemary has been guaranteed a fair price for her peanuts and, with the money she has made, has been able to buy her family a radio, a bicycle, goats and chickens.

Photo credit: Leonie Joubert

Development Priority: Combating climate change

The world's poorest people are already suffering the consequences of climate change through increasing frequency and severity of droughts, floods and famines. Without investment in low carbon infrastructure these countries risk facing "carbon lock-in" – remaining reliant on non-renewable, highly polluting and, often imported fossil fuels, thereby increasing their climate emissions.

The private sector is already providing up to 86% of finance for low carbon development[38]. DFID aims to leverage and target additional private finance to support the development of low carbon, renewable energy.

With our partners[39], DFID is designing two new public-private partnerships (PPPs) to leverage private finance from large institutional investors[40] and direct it to renewable energy projects, public transport initiatives and energy efficiency in developing countries. We expect to leverage up to £9 of private investment into the Asian low carbon fund for every £1 of public money spent[41]. The low carbon fund will in turn invest in smaller local funds and projects.

Methane Plant at Lake Kivu

Photo credit: EAIF

Another new investment initiative that DFID is backing, together with Norway, is Green Africa Power (GAP)[42]. GAP plans to buy power from renewable energy producers through long-term power purchase agreements. The aim is to deliver up to 500MW of annual installed energy generation by 2015, and provide electricity for up to 3.3 million households, as well as avoid emissions of up to 909,000 tonnes of CO_2 equivalent per year.

DFID's Business Innovation Facility is supporting a project[43] in Nigeria to enable low income households to replace existing polluting solid fuel stoves with clean burning gas cylinder stoves. The stoves will be made affordable with microfinance credit to cover the upfront cost. The project will directly reduce black carbon dioxide emissions, and levels of deforestation, whilst improving the air quality within homes.

To stimulate local innovation, the £10 million REACT Challenge Fund in East Africa provides competitive matching grants to local businesses to develop innovative commercial projects in renewable energy and climate change adaptation technology.

Energy, transport and communications

The non-availability or availability of electricity, transport and communications are powerful determinants of whether a person is and remains poor, and of whether an enterprise can flourish[44]. Yet hundreds of millions of people and enterprises[45] lack these services, and too often public authorities have neither the resources nor the capability to respond to rocketing demands[46].

Helping governments to be smarter at overseeing and regulating

DFID backs the Public-Private Infrastructure Advisory Facility (PPIAF) and the Investment Climate Facility for Africa to work with public authorities to improve laws, regulations and institutions that govern private investment[47]. In Nigeria, a country wracked by energy shortages, we are helping reform public utilities and bring in investment though the Nigeria Infrastructure Advisory Facility.

PPIAF helped the Government of Afghanistan provide its people with affordable telecoms by introducing structured competition. After the war in 2002, there were only two telephones for every 1,000 Afghans. Communicating between provinces was almost impossible. PPIAF helped develop a regulatory framework for the telecoms sector. This led to a rapid rollout of competitive services, tariffs falling by 95%, over $1.3 billion in private investment and more than a million mobile subscribers.

Stimulating private investment in infrastructure

We also encourage private investors by sharing risks, facilitating long-term finance and generating more investment opportunities[48]. The Private Infrastructure Development Group (PIDG) has seeded a portfolio of professionally-run facilities to catalyse private investment in infrastructure. They pioneer investment where the private sector is reluctant to go; mitigating risks and demonstrating that viable, decent returns can be made.

Using DFID capital in smart ways through the PIDG is proving remarkably catalytic – US$416 million[49] from PIDG members (about half from DFID) has helped secure US$14.5 billion[50] of private investment into telecoms, energy and transport projects. These investments are projected to benefit nearly 100 million people[51] in the poorer developing countries. These services will be sustainable as they are run on a commercially viable basis.

Enterprising new sources of energy

We plan to do more to harness the drive of private entrepreneurs to exploit renewable and alternative sources of energy; from geothermal power in Kenya to unlocking methane from the depths of Rwanda's Lake Kivu, where the Emerging Africa Infrastructure Fund (EAIF) is backing KivuWatt LTD to build a US$140 million 25 MW power plant.

Partnering with the private sector on clean energy

In Rwanda, DFID is piloting results-based mechanisms to incentivise private developers of LED lighting, institutional biomass and small hydro mini-grids. The aim is to improve lighting for over 270,000 households, deliver clean energy and improved sanitation to 36 schools and provide reliable electricity supply to over 6,000 households. In Asia, DFID is starting to work with international and local financial institutions to address the capital gap in clean energy financing; we expect that this will result in up to 5GW of clean energy installed and at least 60,000 jobs created.

The DFID supported Cape Verde Wind Power programme, InfraCo Africa is the developer of the US$90 million Cabeolica wind farm, which won the 2011 award for the best renewable energy project in Africa, and will provide 30% of Cape Verde's energy needs by 2012.

Connecting Africa with the world

The EAIF-backed SeaCom inter-continental fibre-optic cable has dramatically increased broadband connectivity for east African countries[52] – removing a major constraint facing industries and investors as well as supporting education and improving governance by accelerating access to web-based information.

The EAIF is also a key financier of the US$1.2 billion O3b project, which is bridging the digital divide in Africa by building a satellite constellation that combines the speed of fibre with the reach of satellite to reach 150 countries in Africa and Asia.

The telecoms sector illustrates how DFID can assist the development of a market that works for poor people – and then move on. In its early days, the EAIF was instrumental in backing several of the pioneering companies that strove to introduce mobile telephony to sub-Saharan Africa but struggled to raise commercial lending. Celtel, MTN and Helios all got backing from EAIF that helped secure larger funding packages for growth.

African SeaCom Cable

Image Courtesy of EAIF

Transport Corridors

Poor quality roads, trade regulations, slow border crossings and port clearings and corruption all contribute to African transport being the most expensive in the world[53]. Improving infrastructure is crucial to opening up business opportunities along transport corridors.

The North-South Corridor is a major trading route linking the copper belt of the Democratic Republic of Congo and Zambia with ports in South Africa and Tanzania. Improving infrastructure along this corridor is projected to reduce transport costs and transit times by at least 20%. In Mozambique, investments in infrastructure have reduced trade and transport costs by 15% and produced a 5% increase in national income[54]. DFID and our partners have committed $1.2 billion[55] to upgrade 4,000 kilometres of road and 6,000 kilometres of rail track, freeing up bottlenecks on major trading routes across eight African countries[56].

Capitalising on the reach of the multilaterals

Multilateral organisations are vital partners in extending infrastructure in poor countries:

- IFC-financed projects are supplying energy for over 150 million consumers.
- Projects funded by the African Development Bank will provide over 29 million people with new or improved electricity connections and over 57 million people with access to transport.
- The Asian Development Bank will connect over 440,000 new households to electricity and 222 million people to new or improved roads.

Pioneering and stimulating investment

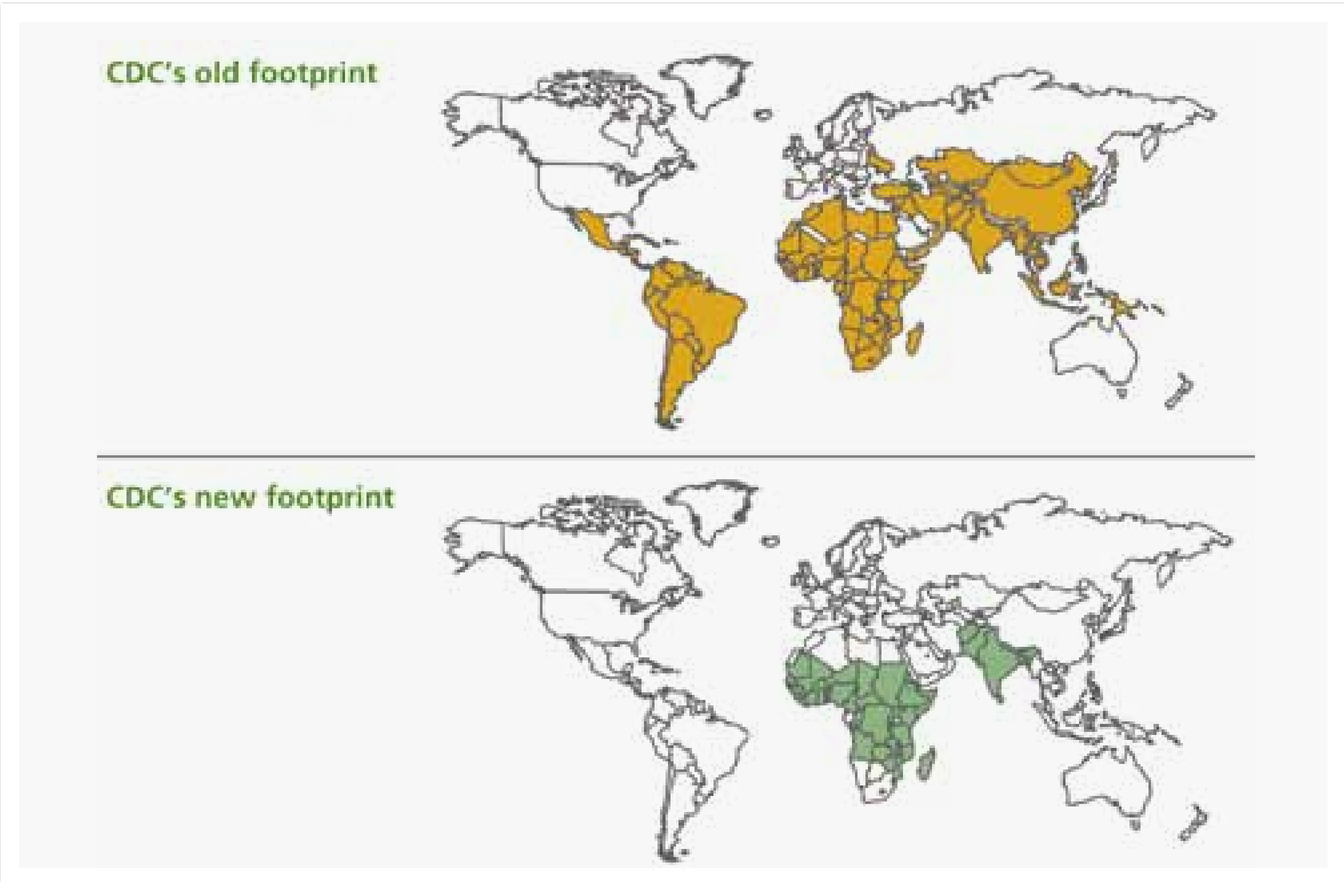
Well functioning financial markets are at the heart of a thriving economy, allocating scarce finance where it will deliver the greatest growth for the future. The power and scale of global financial markets dwarf aid and can drive systemic change across countries and regions. But today these investment flows largely bypass the poorest countries in the world. Global flows of Foreign Direct Investment are over $1.1 trillion a year, but less than $11 billion of this flows to the 40 poorest countries in the world[57].

The poorest countries of the world are on the periphery of financial markets. Our objective is to push out this frontier to bring access to global financial markets to businesses in developing countries. We will do this by demonstrating to investors that there are highly successful businesses in these countries – businesses that not only deserve their support, but will reward their support. A revitalised CDC[58] alongside the Private Infrastructure Development Group will spearhead our endeavours as the most pro-poor investor in development.

A revitalised CDC

CDC is potentially one of DFID's most powerful instruments for engaging with the private sector. CDC is the UK Government's Development Finance Institution with some £2.8 billion[59] of public capital deployed through it.

We have held a wide public consultation to review how and where CDC will operate. As a result, we have agreed a new mission for CDC which is set out in a new high level business plan published at the end of May 2011.



The CDC Map

CDC's new mission:

To be a pioneering investor, stimulating the private sector and demonstrating the power of enterprise and private capital to reduce poverty in the poorest places of the world

CDC will become more transparent and be driven by maximising development results rather than maximisation of profit. It will be prepared to take greater risks to achieve this. It will concentrate on the poorest countries of sub-Saharan Africa and South Asia[60], where over 70% of the world's poorest people live.

Impact investment

Impact investment is a relatively new area of development in financial markets. Financial rates of return can be lower than commercial markets expect, but there is an explicit objective to generate tangible positive social impcts.

Impact investment funds can help expand the pool of capital available to fund innovative solutions for development and help develop sustainable financial and investment markets that work for poor people. DFID will explore how to help impact investment contribute to creating and developing sustainable businesses that employ poor people and bring affordable, life changing products and services to them. Impact investing can also help to act as a stepping stone to sustainable private finance for businesses that can't initially demonstrate sufficiently high returns to private financiers.

Photo credit: L. Curtis

Investing for growth

Five years ago, a start-up grant from DFID helped two determined young men to set up ManoCap, Sierra Leone's first private equity fund. They started working with a number of Sierra Leone businesses to improve their processes and management, and raised a small fund to invest in those businesses, before attracting further help from a number of private investors including CDC to scale-up the ManoCap fund.

The development benefits of ManoCap's investments are already showing. One of their first investments was IceIce Baby, an ice manufacturer. With ManoCap's backing, a new production line of chipped ice to sell to fishermen was added. The fishermen can now leave their catch overnight, allowing them to stay out on the water for longer. This has resulted in the fishermen's incomes almost doubling. IceIce Baby continues to grow and diversify and is now the leading provider of refrigerated distribution in Sierra Leone. As a result ManoCap has created 800 additional jobs for Sierra Leoneans and has generated $750,000 of increased tax revenue for the local government.

The engine of development

Employees working on a farm south of Addis Ababa, packing beans in the pack house before they are exported to the Netherlands

Photo credit: Sven Torfinn/Panos

We have set out our new approach to working with the private sector and given examples of the initiatives and innovations DFID is backing that will deliver jobs, services and opportunities for poor people.

We recognise that as well as expanding already successful approaches, we will be learning by doing and energetically exploring new opportunities. We will look hard at the evidence and the effectiveness of what we and others are doing to accelerate and deepen private sector development in the poorest regions of the world. We will constantly ask ourselves and others how we can achieve better results and better value for money for poor men, women and children.

UK Government schemes for businesses

UK Government schemes that support companies in the UK and internationally include the following:

Department for Business, Innovation and Skills (BIS)

BIS facilities are aimed primarily at UK business. Solutions for Business is a streamlined portfolio of 13 business support products that provide advice and support, accessible via the Business Link website:

- Collaborative Research and Development
- Designing Demand
- Finance for Business
- Grant for Research and Development
- Helping Your Business Grow Internationally
- High Growth Coaching
- Improving Your Resource Efficiency
- Knowledge Transfer Partnerships
- Manufacturing Advisory Service
- Networking for Innovation
- Rural Development Programme for England Business Support
- Understanding Finance for Business
- Work Place Training, including Apprenticeships

UK Trade and Investment (UKTI)

UKTI is the UK Government body that helps UK companies succeed in overseas markets and supports overseas companies establish themselves in the UK. UKTI's services include:

- Overseas Market Introduction Service (OMIS)
- Tradeshow Access Programme (TAP)
- Passport to Export
- Export Market Research Scheme

Foreign and Commonwealth Office (FCO)

UK businesses can draw on the support of FCO staff working in British Embassies, High Commissions and Consulates in over 170 countries around the world. The FCO's Business Charter outlines FCO support for British businesses and commitment to commercial diplomacy; helping identify and pursue new opportunities overseas, manage risks and build relationships.

Department for International Development (DFID)

DFID has several funding and partnership opportunities for the private sector:

- Africa Enterprise Challenge Fund offers grants and loans on a competitive basis to private companies to support new and innovative business initiatives that benefit the poor in Africa.

- Responsible and Accountable Garment Sector Challenge Fund (RAGS) supports projects to improve working conditions in garment industries in Asia and sub-Saharan Africa.

- Food Retail Industry Challenge Fund (FRICH) backs partnerships that bring UK retailers and African farmers together.

- Business Innovation Facility helps the development and uptake of inclusive business models by companies in developing countries through Advisory support and a Practitioner Hub.

- Business Call to Action show-cases innovative business models that offer the potential for both commercial success and development impact.

- Private Infrastructure Development Group encourages private investment in infrastructure for economic growth and poverty reduction in the poorer developing countries.

- CGAP Technology Programme aims to provide 30 million people with access to financial services through harnessing new information and communications technologies.

- Investment Climate Facility for Africa helps the private sector to work in partnership with donors and governments to improve the investment climate in Africa.

- Ethical Trading Initiative is an alliance of companies, trade unions and voluntary organisations that work to improve the lives of workers that make or grow consumer goods.

- Fairtrade International sets international Fairtrade standards and supports Fairtrade producers.

- We have set out our new approach to working with the private sector and given examples of the initiatives and innovations DFID is backing that will deliver jobs, services and opportunities for poor people.

We recognise that as well as expanding already successful approaches, we will be learning by doing and energetically exploring new opportunities. We will look hard at the evidence and the effectiveness of what we and others are doing to accelerate and deepen private sector development in the poorest regions of the world. We will constantly ask ourselves and others whether we can achieve better results and better value for money for poor men, women and children.

Abbreviations

ADB	Asian Development Bank
AECF	Africa Enterprise Challenge Fund
AFDB	African Development Bank
BCtA	Business Call to Action
CDC	CDC Group plc (formerly called the Commonwealth Development Corporation)
CGAP	Consultative Group to Assist the Poor (Technology Programme)
CLIFF	Community Led Infrastructure Financing Facility
DFID	UK Department for International Development
DFIs	Development Finance Institutions
DRC	Democratic Republic of Congo
EAIF	Emerging Africa Infrastructure Fund
EFINA	Enhancing Financial Innovation and Access (Nigeria)
ETI	Ethical Trading Initiative
EITI	Extractive Industries Transparency Initiative
FIRST	Financial Sector Reform and Strengthening Initiative
FLO	Fairtrade International
FRICH	Food Retail Industry Challenge Fund
GAP	Green Africa Power
GDP	Gross Domestic Product
GPOBA	Global Partnership on Output-Based Aid
ICF	Investment Climate Facility for Africa
IFC	World Bank International Finance Corporation
LDCs	Least Developed Countries
LED	light-emitting diodes
LICs	Low Income Countries
NGOs	non-governmental organisations
OECD	The Organisation for Economic Co-operation and Development
PIDG	Private Infrastructure Development Group
PPIAF	Public-Private Infrastructure Advisory Facility
PPPs	public-private partnerships
RAGS	Responsible and Accountable Garment Sector Challenge Fund
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
WSP	Water and Sanitation Programme

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7 United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2010

8 UNCTAD data

9 Existing sources of evidence include the Donor Committee for Enterprise Development, the United Nations Conference on Trade and Development and the International Finance Corporation (IFC) publications.

10 Afghanistan, Bangladesh, Burma, Democratic Republic of Congo, Ethiopia, Ghana, India, Kenya, Kyrgyzstan, Liberia, Malawi, Mozambique, Nepal, Nigeria, Occupied Palestinian Territories, Pakistan, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, Tajikistan, Tanzania, Uganda, Yemen, Zambia and Zimbabwe, as set out in DFID's March 2001 publication Changing Lives, Delivering Results

11 We will meet our commitments under the UK Aid Transparency Guarantee: we will publish detailed information about DFID projects, including programme documents and spending above £500. Information will be accessible, comparable, accurate, timely and in a common standard with other

donors. We will also provide opportunities for those directly affected by our projects to provide feedback.

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41 We expect that a £300 million contribution from the public sector (governments, multilateral banks and international organisations) will leverage up to £2.8 billion private investment into the Asian low carbon fund

42 GAP is funded by the UK and other country donors and will use an Advance Market Commitments model to make the market for renewable energy more certain in order to give investors the confidence to invest.

43 Through supporting Oando Marketing plc. and Alitheia Capital Limited

44 In Tanzania, three quarters of firms said that what most constrains their business is not having power – yet the whole country generates less electricity for its grid than is consumed by the city of Birmingham (World Bank Enterprise Survey, 2007).

45 Where they can, firms often resort to diesel generators, a grossly inefficient, expensive and polluting way for a country to meet the energy needs of its people.

46 Each year, Africa's power requirement grows by 7,000 MW, yet only 1,000 MW has been installed annually over the last decade. Taken from the African Development Bank Group.

47 The effectiveness of good public reform is demonstrated by India's Madhya Pradesh Power Sector Reform programme. Our work with the state electricity board to reform regulations and reduce power leakages helped the state government to save nearly £300 million over four years and bring down carbon emissions by 38%. www.dfid.gov.uk/Media-Room/Case-Studies/2009/India-power-reform

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53 Transport costs in Southern Africa are 73% higher than in Europe. It takes two to three weeks to transport copper from the Democratic Republic of Congo to the sea, a distance that would take just 48 hours in Europe. Europe has double South Asia's road density, and while almost 90% of Europe's roads are paved, in South Asia half the roads are not World Bank World Development Indicators).

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