

# The Prosperity Fund: Annual Report 2019/20



By the time this report is published the two largest delivery partners of the Prosperity Fund, the Foreign & Commonwealth Office (FCO) and the Department for International Development (DfID) will have merged to form a new Department, the Foreign, Commonwealth and Development Office (FCDO). As this report looks back to the achievements of the 2019/20 reporting period, programmes are still referred to by the lead department at that time.

# Contents

Foreword by the Rt Hon. Penny Mordaunt MP, Paymaster General .....	4
Executive Summary .....	5
The Prosperity Fund in 2019/20—key achievements at a glance.....	6
Introduction: Beyond aid .....	8
Official Development Assistance country/region and sector focus 2016-2023.....	9
Programme activity in 2019/20.....	10
Case Study: Promoting better trade and investment climates through the Global Business Environment programme .....	22
The Prosperity Fund in Africa.....	24
Going digital for development and prosperity .....	26
Climate change.....	28
Oversight, transparency, and monitoring, reporting, evaluation and learning .....	29
Unlocking opportunities for the UK .....	30
ANNEX 1: Financial information 2019/20.....	31
ANNEX 2: Theory of Change .....	32
ANNEX 3: Monitoring, reporting, evaluation and learning.....	34
ANNEX 4: Portfolio indicators .....	35

## Foreword by the Rt Hon. Penny Mordaunt MP, Paymaster General

As Paymaster General and the minister responsible for cross-government funds, I am pleased to introduce the fourth Prosperity Fund Annual Report.

Over the last four years, the Prosperity Fund has aimed to promote economic growth and reduce poverty in developing countries.

As well as contributing towards achieving the UN Sustainable Development Goals, its creation was a response to an increasing demand from middle income countries to build deeper trade, investment partnerships, and economic relations with other countries rather than rely on aid alone.

The Fund has illustrated how aid can be used in more experimental and innovative ways. It demonstrates how aid can serve as a catalyst for wider economic growth in partner countries, whilst also benefiting people and business elsewhere, including in the UK.

Our work to promote electric mobility within developing countries, for example, is bringing healthier air, better urban environments, as well as creating local jobs and leading to commercial benefits, including for UK companies focusing on low carbon infrastructure.

The Fund's model has been to direct programmes to tackle difficult development challenges in areas where the UK has a particular strength and interest. This includes investment in infrastructure; human capital, innovation and technology; trade; financial and economic reform; and ease of doing business.

The aim has always been to achieve the best value for taxpayers' money. We welcome and have responded to scrutiny such as from the Independent Commission for Aid Impact about how programmes are run and success assessed.

This fourth report also shows how the Fund has helped government departments work together in different ways to deliver the overseas aid budget. For example, it helped kick-start the novel UK-India Green Growth Equity Fund, which aims to attract private investment through the City of London and elsewhere to finance green infrastructure.

Whilst much progress has been made, the COVID-19 pandemic has brought new and unprecedented challenges for nearly every country across the world. The UK is a leading player in the global response, and this year the Prosperity Fund is adapting its programmes to address the specific long-term needs of our vulnerable partner countries. This will be achieved by harnessing expertise from across the UK and elsewhere to improve health systems through partnerships, helping governments beef up anti-corruption measures as they mount emergency procurement exercises, and promoting relevant new technologies such as telemedicine.

Progress over the last year across the programmes has been significant. This report shows how they are helping to improve lives in our partner countries, and are contributing to the UN Sustainable Development Goals. At a time of such global change and uncertainty, it is more important than ever to continue to build these kinds of partnerships—to share our skills, our experience and our resources to deliver prosperity, security and success at home and abroad. I am confident that the programmes supported by the Prosperity Fund, with their focus on sustainable growth and resilient global trade, will help bring about a better, lasting recovery from the COVID-19 pandemic, as well as help lay the foundations for future UK aid work.

**Rt Hon Penny Mordaunt MP**

*Paymaster General*



## Executive Summary

This fourth Prosperity Fund Annual Report demonstrates how the UK is working to promote prosperity in partnership with a range of fast growing economies where development challenges and extreme poverty persist. It details the progress made in 2019/20 across the portfolio, which covers many areas relevant to delivery of the United Nations' Sustainable Development Goals (SDGs).

In the financial year 2019/20 the Fund spent £181.8 million across its portfolio: £172.5 million of Overseas Development Assistance (ODA), and £9.3 million of non-ODA. The report includes a breakdown of Prosperity Fund spend against department and programme, as well as an approximation of the ODA spend by each partner country across the lifetime of the Fund. By the end of March 2020, 23 out of 27 of the planned programmes had formally started, operating across 30 ODA-eligible countries across various themes. The four remaining programmes were preparing for delivery and had begun scoping and stakeholder engagement activities.

The report includes key achievements and facts at a glance, in addition to a summary of the progress and success of all programmes. A few highlights include:

- Helping FinTech start-ups to build solutions for underserved communities through the Catalyst Fund, including a savings platform for young Nigerians and affordable credit solutions for women-run informal business owners in South Africa.
- Building the resilience of vulnerable communities to climate change in Bangkok by improving the city's ability to identify flood-prone areas, and put in place adaptation and mitigation plans.
- Assisting the establishment of an Anti-Red Tape Authority in the Philippines, which removes and rationalises practices that unduly burden entrepreneurs and restrict growth.
- Partnering with Southern African Custom Union Member States (South Africa, Namibia, Botswana,

Lesotho and Eswatini) and Mozambique to address non-tariff barriers that restrict regional and international trading.

- Supporting the development of an energy efficiency awareness campaign #itstartswithMEE in Myanmar which will encourage energy conscious behaviour across households and businesses.

Recognising the key role of the private sector in driving economic growth, the report contains case study material on how the Prosperity Fund has made progress this year to improve the business environments of its partner countries. Following the UK-Africa Investment Summit in January 2020, which laid the foundations for new partnerships based on trade, investment, shared values and mutual interest, the report includes a section on how the Fund's programmes are helping to establish the building blocks for growth in Africa.

The report also showcases how the Prosperity Fund, as an innovative and forward-thinking tool of government, is harnessing the opportunities that digital and green solutions provide to support more inclusive societies. It also shows how programmes are beginning to flex in response to the COVID-19 pandemic.

In addition, the report shows how the Fund has continued to welcome scrutiny, engage with a range of stakeholders, and has acted on the recommendations of various review bodies such as the Independent Commission for Aid Impact. It also details the Fund's considerable investment into monitoring, reporting, evaluation and learning and includes examples

of how the Fund is unlocking opportunities for the UK using its small non-ODA component.



# The Prosperity Fund in 2019/20—key achievements at a glance

The Prosperity Fund works across five key themes which are essential to improve the conditions for inclusive growth and poverty reduction. These are: investment in infrastructure; human capital, innovation and technology; trade; financial and economic reform; and ease of doing business.



## Intermediate Outcome One: Investment in Infrastructure

The Prosperity Fund is improving the ability of partner countries to develop effective infrastructure:

- Trained over 1,000 partner government officials in India and the ASEAN region in areas including improving transport systems, urban planning and climate resilience strategies.
- Launched Colombian rail rehabilitation projects covering 748 km, which will benefit two million people.
- 11 preparation grants approved through the Asian Infrastructure Investment Bank Special Fund for major infrastructure projects in the transport, urban, low carbon energy and water sectors in Uzbekistan, Tajikistan, Laos, Nepal, Pakistan and Bangladesh.
- UK Building Information Modelling (BIM) adopted in Peru, Vietnam and Colombia.
- £75 million attracted in private finance for low carbon energy projects in Indonesia.

- 64 ‘tech for good’ digital innovations supported in South Africa.
- 412 trainers and assessors trained in the electric vehicles and renewable energy sectors in India.
- 320 women tech-entrepreneurs supported, leading to 107 digital innovations to tackle local issues.
- Over 5,000 people supported to launch and grow their digital businesses in countries including Kenya, South Africa, Nigeria, Brazil and Indonesia.
- 100 women trained in digital skills focusing on web design and development, data science and digital marketing in Nigeria.



## Intermediate Outcome Three: Trade

The Prosperity Fund is supporting partner countries to engage and attract regional and global trade:

- Helped the Philippines attract investment by refreshing their digital and social media investment promotion channels.
- 1,000 Colombian farmers connected with buyers through AgriTech project digital marketplace Listo, helping to increase the income of women farmers in Colombia.
- Supported six Southern African countries address Non-Tariff Barriers to trade that inhibit their intra-regional and international trading potential.



## Intermediate Outcome Four: Financial and Economic Reform

The Prosperity Fund is drawing on UK and international expertise so that partner countries can mobilise finance to fund their own development:

- Helped regulators and investors to better identify sources of financial stability risks in 20 low to lower middle income countries through the International Monetary Fund’s Financial Sector Stability Fund.
- Delivered innovative weather insurance cover to over 7,000 poor Chinese farming households.
- Supported central banks in 30 beneficiary countries across Africa, the Middle East and Asia with financial and monetary stability capacity building with the Bank of England.
- Supported FinTech start-ups which support development initiatives to raise US\$14 million in investment.



## Intermediate Outcome Two: Human Capital, Innovation & Technology

The Prosperity Fund is helping partner countries to invest in their people, businesses and knowledge base:

- Over 400,000 young people supported (since 2018) to access better quality skills training in India.



## Intermediate Outcome Five: Ease of Doing Business

The Prosperity Fund is helping partner countries to improve their business environment, including through reducing corruption:

- 15 reforms delivered to support business regulation and competition policy, new institutions, and to improve public-private dialogue.

- Supported the International Anti-Corruption Coordination Centre to assist with the return of over US\$2 billion of stolen assets to an African state.
- Supported the development of an investor grievance redress mechanism in Brazil, leading to the resolution of 13 cases amounted to US\$591 million in Foreign Direct Investment.
- Trained 350 ASEAN officials in good regulatory delivery.

Colombian farmers using Listo app



### Promoting gender equality:

1. The Fund's gender and inclusion policy requires all programmes to align with SDG 5 Gender Equality.
2. Established an active gender and inclusion champions' network, supported by a web-based learning platform 'PF Learning', the DFID Work and Opportunities for Women helpdesk, and the DFID Disability Inclusion helpdesk.
3. Increased social development expertise in the Fund's delivery departments.



*The Prosperity Fund is committed to learning lessons from programmes and sharing them with staff around the network, building capability across government to drive mutual prosperity.*

### Fund-wide learning:

- Three regional conferences and one in the UK bringing programmes together to learn.
- 10 meetings by the gender and inclusion champions' network, with up to 70 participants at each event.
- 77 staff trained in programme management in 2019/20, and 478 over the lifetime of the Fund.

- Over 100 staff in 8 countries trained in contract management to help drive greater outputs from contracts.
- Seven live peer-learning events with up to 100 participants.

### Driving collaboration and fusion:

- At least 10 UK Government departments and extended bodies involved in delivering programmes.
- Programme design and delivery involves collaboration with multilateral and public sector agencies, civil society organisations, and businesses.
- Regular forums held with implementing partners across the network to share learning on gender and inclusion, climate and other cross cutting issues.

### Sharing Lessons:

- Prosperity Fund programmes reviewed annually, providing an assessment of progress, performance, relevance, value for money and lessons learned to date.
- Annual Review scores for 2019 (78% rated A or above) confirm that the majority of programmes are already on target to deliver their anticipated outputs.

### The UN Sustainable Development Goals:

- The Fund directly supports SDG 8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- All 17 SDGs are supported in some way across the 27 programmes.
- The Fund contributed towards the UK's National Voluntary Review of progress towards meeting the SDGs, published in June 2019.

# Introduction: Beyond aid

The Prosperity Fund began its work in 2016 to promote the inclusive economic growth needed to reduce poverty in partner countries, whilst contributing towards the broader UN Sustainable Development Goals (SDGs).

It recognised that 62% of the world's poor people<sup>1</sup> live in emerging and middle income countries which continued to face persistent development challenges, and the UK had specific expertise to help. Prosperity Fund interventions were therefore targeted to help partner countries to promote trade and investment, improve infrastructure, healthcare systems, and skills, and enable access to low carbon energy and finance.

Development across these areas gives people and businesses the tools and opportunities to work in stronger, more productive economies, which helps to reduce poverty. It enables people to access services and work opportunities, helps them to enforce their rights, and gives businesses the predictability and stability they need through formal laws and standards and access to finance. The Fund recognises that the private sector is essential for economic growth—creating jobs, increasing trade, providing goods and services to the poor, and generating tax revenue to fund basic public services, such as health and education.

The Prosperity Fund aims to respond to an increasing demand from developing countries for economic relationships based on trade, investment, and exchange of expertise, rather than aid, and, where there is still a rationale for ODA, to be catalytic, experimental and innovative. Its programmes are helping to build resilient economies, and strong trading partners of the future. Free and fair trading relationships will also increase exports, cut prices for consumers, increase investment and create jobs across the UK.

Programmes draw on areas of UK strength valued by partners such as finance, technology, low carbon energy, and health and education; actively positioning the UK as a partner of choice in key policy areas and business sectors. Sharing this knowledge helps tackle global health risks, educates growing populations, and strengthens business environments—contributing to a prosperous global economy.

In an uncertain world, building prosperity and stability overseas through careful use of ODA helps keep the UK safe too. The Prosperity Fund makes the most of the knowledge available across government to tackle complex global challenges such as corruption and climate change, recognising that many of the challenges the UK and the rest of the world face stretch well beyond national borders.

The Prosperity Fund works in five key areas, identified as intermediate outcomes in the Fund's Theory of Change, all of which are designed to improve conditions for inclusive growth in partner countries, whilst aligning with the UN SDGs (see right).

All Prosperity Fund ODA-funded programmes meet the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee's ODA criteria and are an integral part of the UK's legal requirement to spend 0.7% of Gross National Income on international development. They also align with the International Development Act 2002, International Development (Gender Equality) Act 2014, and must aim to contribute to the Fund's primary purpose of promoting inclusive economic growth. In helping partner countries to mitigate and

adapt to climate change, the Prosperity Fund is also contributing to wider UK Government climate efforts.



## Intermediate Outcome One: Investment in Infrastructure

Improvements in infrastructure support business growth and facilitate participation in the global economy.



## Intermediate Outcome Two: Human Capital, Innovation & Technology

Improvements in human capital, innovation and knowledge transfer drive productivity growth and the adoption of new technologies.



## Intermediate Outcome Three: Trade

Reforms bring tangible benefits to the economy and opportunities for trade growth, building the case for further openness.



## Intermediate Outcome Four: Financial and Economic Reform

Partner countries have better financial and economic systems, which supports business growth.



## Intermediate Outcome Five: Ease of Doing Business

Partner countries are easier places to do business. Positive experiences of investors and other private sector actors become well known.

<sup>1</sup> <https://www.worldbank.org/en/country/mic/overview>



# Official Development Assistance country/region and sector focus 2016-2023

## Global programmes:

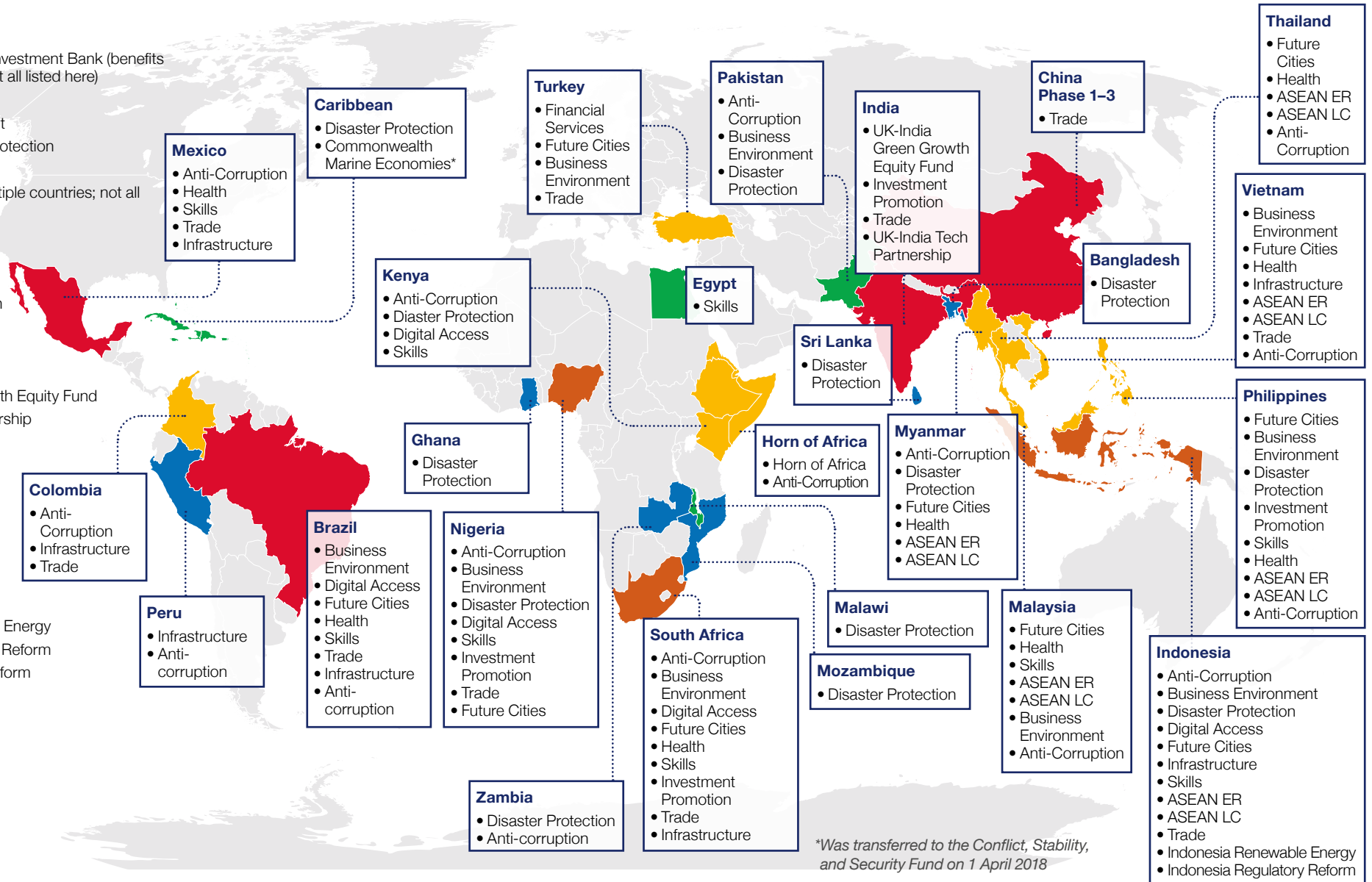
- Asian Infrastructure Investment Bank (benefits multiple countries; not all listed here)
- Anti-Corruption
- Business Environment
- Centre for Disaster Protection
- Digital Access
- Finance (benefits multiple countries; not all listed here)
- Future Cities
- Health
- Infrastructure
- Investment Promotion
- 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 ●



\*Was transferred to the Conflict, Stability, and Security Fund on 1 April 2018

## Programme activity in 2019/20

This section provides a snapshot of the 27 programmes in the multi-year portfolio, what they aim to deliver, and progress made over the last year. The lead department in each case is given in brackets, but most programmes involve several government departments.



### ASEAN Economic Reform (Foreign & Commonwealth Office)

The ASEAN Economic Reform programme operates both at a regional level and in the six largest South East Asian countries (Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam) to help strengthen business environments, and broaden financial markets.

Over the reporting year, the programme's 'Promoting a Fair Business Environment in ASEAN' project has helped make public procurement systems more open and transparent, combat corruption and drive efficiency through digitalisation. The programme has helped the Thai government reduce its procurement costs substantially, and has also supported the Philippine Government to make timely and effective public procurement decisions. In Indonesia and Thailand, public officials have been trained on tools and standards to help verify supplier quality and compliance.

Transparency around Intellectual Property (IP) hinders growth across ASEAN. The programme has worked with IP agencies to develop an ASEAN Intellectual Property Manual, which will provide foreign businesses with information on each member state. An IP data template, developed by the programme, is being piloted in the

Philippines, and training on IP enforcement has been delivered to officials from all ten ASEAN member states.

Corruption is a key problem for business in the region. The programme has supported the Vietnamese government and one of the country's largest state-owned enterprises to develop and apply systems to reduce corruption. In Myanmar, the programme has supported the country's recently established Corruption Prevention Units on how to apply a corruption risk assessment when creating legislation.

The programme has assisted the Central Philippines Bank's application this year to join the UK-based Global Financial Innovation Network, allowing access to global best practice from the UK's Financial Conduct Authority and other members. Through its FinTech Ecosystem Catalogue report, the programme has identified opportunities, trends, and gaps in the Vietnamese FinTech sector, including challenges for small and foreign start-ups such as high tax rates and low levels of access to credit. The State Bank of Vietnam has commended the report and is applying the learnings.



### ASEAN Low Carbon Energy (Foreign & Commonwealth Office)

Lack of access to affordable, reliable and clean energy is a key barrier to inclusive growth.<sup>2</sup> The ASEAN Low Carbon

Energy programme is supporting the region's transition towards low carbon energy by aiding green finance flows and improving energy efficiency. Interventions are delivered regionally and bilaterally with six countries: Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam.



The programme is supporting inclusive and sustainable finance in the region, providing technical support to ASEAN's Working Committee on Capital Markets Development which included a visit to the UK in January 2020 for financial regulators from all 10 ASEAN member states. Delegates met key UK institutions to exchange experiences on developing sustainable finance.

During the reporting year, the programme worked with the Government of Thailand to build Green Bond capacity<sup>3</sup> through training targeted at the power and utilities, real estate, transportation and government sectors. It also provided assistance to the central banks

<sup>2</sup> [https://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/7\\_Why-It-Matters-2020.pdf](https://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/7_Why-It-Matters-2020.pdf)

<sup>3</sup> A green bond is a debt security that is issued to raise capital specifically to support climate related or environmental projects. <http://documents1.worldbank.org/curated/en/400251468187810398/pdf/99662-REVISED-WB-Green-Bond-Box393208B-PUBLIC.pdf>

of Malaysia and Thailand on climate risk stress testing (drawing on the Bank of England’s experience), and support to Indonesia, Malaysia and the Philippines to establish an inter-agency working group on Green Finance (based on the UK’s Green Finance Task Force). Programme interventions have also helped the Government of the Philippines to better consider climate-transition risks in financing major projects.

On energy efficiency, the programme is working with stakeholders in Myanmar to develop an awareness campaign, #itstartswithMEE. It is also working in Vietnam, Thailand and the Philippines to identify and select pilot projects to prove the feasibility of energy efficiency retrofit projects and their financing models. Progress has also been made towards harmonising energy efficiency standards for electric motors in the region, with working groups set up to champion them in each country.



### Asian Infrastructure Investment Bank Special Fund (HM Treasury)

Green and resilient infrastructure is a key driver of economic development, supporting business growth, participation in the global economy and access to opportunities.<sup>4</sup> However, a lack of both finance and expertise in the infrastructure sector can hinder developing countries. The World Bank estimates unmet demand for infrastructure investment in markets and developing economies is over US\$1 trillion a year.<sup>5</sup>

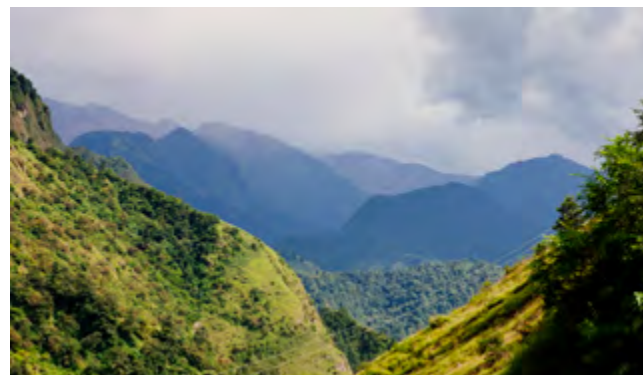
Financed by grant contributions from donor members, including the Prosperity Fund, the Asian Infrastructure Investment Bank (AIIB) Special Fund addresses

this barrier, providing assistance to help countries prepare high-quality projects for financing.

Eleven preparation grants have now been approved (as of April 2020) under the Special Fund for projects in the transport, urban, low carbon energy and water sectors in Uzbekistan, Tajikistan, Laos, Nepal, Sri Lanka, Pakistan and Bangladesh.

In Laos, one of the poorest countries in Southeast Asia, much of the population suffers from poor transport connectivity and lack of proximity to vital services like schools and health centres. The landlocked country is also highly vulnerable to climate and disaster risks. Support from the Special Fund has enabled the Lao government to efficiently obtain AIIB financing to improve the safety and conditions of roads, and has helped climate-proof critical sections of a key national artery road.

The Special Fund also supports improvements to water and sanitation services in Uzbekistan, developing Nepal’s power distribution network, and upgrading the Sylhet to Tamabil road in Bangladesh. Three Special Fund projects have been approved for financing by the AIIB Board of Directors, and the AIIB aims for all projects to receive financing by the end of 2021.



### Better Health (Foreign & Commonwealth Office)



The programme is working to strengthen local health systems and improve the quality of care in Brazil, Malaysia, Mexico, Myanmar, the Philippines, South Africa, Thailand, and Vietnam. Co-developed with partner countries, it addresses health challenges including the prevention, treatment and management of non-communicable diseases (NCDs), and the provision of equitable access to healthcare services. Experts from a range of UK health institutions are helping to build new partnerships between the world-renowned UK health sector and overseas health providers.

The programme has brought together health experts and leaders from the UK and eight partner countries. A three-day event held at Wilton Park, and others like it, have helped countries to work together, and to share learnings over common health challenges.

With the onset of COVID-19, interventions have been adapted to support the response in partner countries,

4 [https://www.un.org/sustainabledevelopment/wp-content/uploads/2019/07/9\\_Why-It-Matters-2020.pdf](https://www.un.org/sustainabledevelopment/wp-content/uploads/2019/07/9_Why-It-Matters-2020.pdf)

5 Website of the World Bank Global Infrastructure Facility (2017).

including the establishment of surge hospitals in South Africa and the strengthening of epidemic preparedness in medical training curriculums in South East Asia. The programme seeks to understand what impact COVID-19 will have on the ability of partner country health systems to provide quality care, with a specific focus on managing NCDs. A newly commissioned analysis through the Institute of Development Studies will make an important contribution to the global evidence base on COVID-19 and NCDs.



### Brazil (Foreign & Commonwealth Office)

Poor physical infrastructure, a complex regulatory environment and high costs bring challenges to doing business in Brazil. A poor business environment restricts growth and access to the benefits of trade. The programme in Brazil covers trade, ease of doing business, green energy transition and infrastructure. Better functioning markets drive prosperity and poverty reduction, creating opportunities and incentives for firms to invest, grow and generate jobs.

The programme is supporting Brazil to adopt international trading standards, and an agreement was signed in May 2019 to begin work to align with OECD standards. Other interventions include piloting advanced electronic systems at Brazil's ports to improve efficiency and reduce costs, and providing tailored support in leadership, networking and negotiation skills, opening up global supply chains to women entrepreneurs.

Brazil's transition to low-carbon energy, including improved access for poorer households to affordable, reliable and sustainable power, is essential for inclusive growth. The programme is supporting increased investment in clean energy and inclusive technologies; piloting new technologies to demonstrate viability and

scalability of smart grids, energy storage, and biofuels; and supporting gender-sensitive regulatory reform.



The Fund is also working with Brazilian partners to attract private sector finance into high quality green infrastructure investments, through helping to implement environmental, social and governance policies, processes and methodologies with Brazilian public institutions. The programme is furthermore supporting the implementation of Brazil's 'Charter for Women in Finance', which reflects the Brazilian Government's aspiration to see gender balance across all levels of the financial services industry.

The programme is advancing inclusive sustainable urban development through the development of smart city technologies—an area in which the UK excels. Smart Mobility technology pilots in São Paulo aim to reduce traffic flows and improve the quality of life for poorer communities. Smart Water technologies pilots in Recife aim to reduce water leakages, improving the efficiency of water management, and increasing access to safe drinking water.



### Centre for Disaster Protection (Department for International Development)

Developing countries are disproportionately impacted by disasters, with the poorest communities in those countries particularly affected. Effective disaster management is key for governments around the world, especially those faced with significant exposure to, or limited capacity to manage, the financial risks associated with floods, earthquakes, cyclones, terrorist attacks, industrial and technological accidents and pandemics.



Devastation caused by Cyclone Idai, Mozambique, 2019

The Centre for Disaster Protection is working in the completely new area of development programming of disaster risk finance. In partnership with the World Bank, private sector and research institutions and universities, the Centre works with governments in Africa, Asia and the Caribbean to strengthen planning, embed early action, and use 'risk financing' tools like insurance and contingent credit to finance more cost-effective, rapid and reliable emergency response.

Over the reporting year, the centre has helped to establish new risk finance instruments, including the Africa Risk Capacity's Extreme Climate Facility, a financial mechanism that will secure direct access for African governments to climate finance. It has supported Malawi<sup>6</sup> and Sri Lanka to develop financing schemes which protect uninsured and extremely poor households in times of national disaster, as well as reviewed Nepal's disaster risk finance strategy.

The centre also published 'The Future of Crisis Financing: A Call to Action'<sup>7</sup> in February 2020, which highlighted the need for better and earlier responses to risks, and the critical importance of working together to monitor global threats and put support in place as early as possible.



### China (Foreign & Commonwealth Office)

China's economic progress impacts development outcomes around the world, making it an important global partner for meeting the UN SDGs. The Fund is using ODA to partner with China to tackle global environmental risks and increase China's alignment with international standards. Given its size and influence, engaging China through practical programmes and matched funding enables the spread of development benefits to the wider global system.

The business environment strand supported the launch of the first UK-China Standards working group to improve the quality of Chinese proposals to international standards-setting bodies. Long-term Fund programming has succeeded in helping China to align with international best practices in laboratory animal welfare standards, allowing for vital international collaborative scientific research in areas such as cancer treatment, infectious

diseases, and vaccine development. Through the World Bank, the business environment programme also provided technical recommendations on foreign investment law to the Chinese government. The new regulations support a more transparent and improved business environment for foreign investors in China, which will stimulate domestic competition, and are the first Chinese regulations to be directly informed by the Fund.

The energy and low carbon economy strand is working with China to help reduce carbon emissions. Thirty initiatives are currently in process, covering a range of areas from assessing climate risk in decision making, through to piloting and demonstrating low carbon technologies as alternatives to coal. The programme is also supporting a technical assistance project, led by the World Bank, in the second largest coal production province of China, to help accelerate its transition to a lower carbon economy. These activities aim to provide policy recommendations for national level consideration which, if adopted, could make significant contributions to global climate change mitigation.

The infrastructure strand is working to improve the sustainability, quality and commercial viability of China's infrastructure investments in Africa and Asia. It supports business environment reform to deliver infrastructure projects overseas which implement best practices such as transparent procurement, community consultation and sustainable financing. The Chinese government has proposed that a range of transport, renewable energy and affordable housing projects in Africa and Asia will pilot these best practice approaches.

The financial services strand looks to address financial risks in China caused by market failure and an inefficient regulatory system that threaten global economic stability. It also seeks to improve access to

financial services for small firms and poorer parts of the Chinese population, especially women. One project has provided innovative weather insurance cover to thousands of poor farmers. This will be expanded to 50 counties in 10 provinces that are economically underdeveloped and underserved by insurance products.



### Digital Access (Department for International Development)

The programme is developing sustainable solutions to provide inclusive, affordable and secure digital access and skills to excluded or underserved communities in Kenya, South Africa, Nigeria, Brazil and Indonesia. For a detailed focus on the work of the programme, which is led by the Department for International Development, and implemented in partnership with the Foreign & Commonwealth Office and the Department for Digital, Culture, Media and Sport, see 'Going digital for development and prosperity', page 26.



### Global Anti-Corruption (Foreign & Commonwealth Office)

The World Bank and International Monetary Foundation has estimated that up to US\$1.5 trillion is lost globally to corruption a year, leading to ineffective use of public sector funds, and negatively impacting on businesses and citizens. Tackling corruption is integral to promoting an inclusive and sustainable global economy, where

6 <https://www.unicef-irc.org/publications/936-malawi-social-cash-transfer-programme-comprehensive-summary-of-impacts.html>

7 [https://static1.squarespace.com/static/5c9d3c35ab1a62515124d7e9/t/5e5fb909d62a596630878481/1583331599839/Crisis\\_Financing\\_28Feb\\_screen.pdf](https://static1.squarespace.com/static/5c9d3c35ab1a62515124d7e9/t/5e5fb909d62a596630878481/1583331599839/Crisis_Financing_28Feb_screen.pdf)

business can compete fairly, and the benefits of economic growth can be shared across society. The programme is working to reduce levels of corruption, lower barriers to legitimate business, and increase law enforcement action to hold criminals to account.

The Stolen Asset Recovery Initiative's online resource input into regional and global events is helping countries to strengthen their ability to investigate and recover stolen assets, and ensures a common understanding with regards to asset recovery. The International Anti-Corruption Coordination Centre has responded to 31 grand corruption cases, leading to five high profile arrests, the freezing of over £10 million of assets, confiscation of £2.5 million in one affected state, and the return of over US\$2 billion of assets to another.

The programme developed the first regional platforms of their kind to fast-track the UN Convention Against Corruption commitments through the UN Office on Drugs and Crime. The platforms, involving high-level government, civil society and business representatives, identify priorities and implement reforms. During 2019-20, the programme launched activities in Southern Africa and Latin America, in addition to previous launches in East Africa and Southeast Asia.

Through OpenOwnership, a civil-society organisation aiming to increase global corporate transparency by making it easy to publish and access high-quality data about who owns companies, the programme helps countries create open registers of company ownership in a cost effective way. Each register is linked to the global register, which now holds over 22 million records.

Working through HM Treasury, the programme is strengthening countries' responses to illicit financial flows by improving the ability of the Financial Action Task Force's regional bodies to carry out effective reviews of their member countries' anti-money

laundering (AML) systems. This is an essential component of developing global AML defences.

For further information on how the programme is tackling corruption through tech, see 'Going digital for development and prosperity', page 26.



### Global Business Environment (Foreign & Commonwealth Office)

The programme, delivered in partnership with the World Bank, supports reform efforts to improve the business environment in nine partner countries. These will help stimulate economic growth and improve employment opportunities, both in partner countries and the UK. For a detailed focus on the work of the programme, see 'Case Study: Promoting better trade and investment climates through the Global Business Environment' programme, page 22.



### Global Finance (Department for International Development)

The Global Finance programme is improving access to finance for firms and individuals in developing countries, boosting economic growth and resilience. By establishing partnerships with key global financial institutions, including the City of London, it aims to build more stable and inclusive financial systems.

Interventions are enabling borrowers to raise finance on global markets for investment. In January 2020, the programme facilitated Kenya and Rwanda's first bond issuances denominated in their own currencies on the London Stock Exchange.

In partnership with the Bank of England, the programme has supported financial and monetary stability capacity building to central banks in 30 beneficiary countries across Africa, the Middle East and Asia. Through the International Monetary Foundation's Financial Sector Stability Fund, the programme supported the continued roll-out of financial stability indicators across developing countries to help regulators and investors better identify sources of risk to financial stability.



The programme is also supporting financial innovation through technology in over 100 ODA-eligible countries with partner Cambridge Alternative Finance Collaboration Network (CAFCN). CAFCN focuses on generating data and insights, building and utilising digital tools, and delivering both online and offline capacity-building and education to create and transfer knowledge. These tools will inform and enable the work and practices of regulators and policymakers.

For an in-depth focus on the work of the Catalyst Fund, an inclusive financial technology (FinTech) accelerator project, supported by the Global Finance programme, see 'Going digital for development and prosperity', page 26.



## Global Future Cities (Foreign & Commonwealth Office)

The programme is working with 19 cities worldwide to address the urgent challenges of unplanned and overcrowded settlements, congestion and pollution, with a focus on improving transportation, urban planning and resilience.

Through its partner, UN Habitat, the programme launched a project assessment tool at the World Urban Forum in February 2020, to help ensure urban interventions meet the needs of city partners and their citizens, and help realise the UN SDGs.

In Indonesia, the programme is supporting the development of an integrated public transport system in Bandung, the country's third largest metropolis. The intervention will address the inefficiencies and high costs preventing poorer and vulnerable citizens accessing better employment opportunities. In Putat Jaya, a low income quarter of the city of Surabaya, community-based planning and engagement will address poor pedestrian accessibility and high unemployment, to create a public space with opportunities for new businesses and tourism. The intervention also supports the development of an earthquake resilience strategy for the city.



Programming in Ho Chi Minh City in Vietnam is helping the rapidly growing city to develop an integrated ticketing system for public transport, which aims to reduce the cost of travel for low-income and vulnerable groups, and supports the city's aim to become smart, well connected, and resilient to climate change.

In South Africa, where there are large disparities in wealth across cities, the programme is supporting Cape Town, Johannesburg and Durban to better use data when planning essential services for citizens. The programme has helped Cape Town address water poverty through spatial modelling, and to use economic models like Ability to Pay and Cost Benefit Analysis. In the densely populated and poorly-served Soweto area of Johannesburg, the programme is working to deliver an inclusive and sustainable spatial development plan that will activate and identify local opportunities for socio-economic growth.



## Global Infrastructure (Foreign & Commonwealth Office)

Inclusive and sustainable infrastructure attracts investment, generates employment and income, and improves standards of living.<sup>8</sup> Working with the Infrastructure and Projects Authority (IPA) and Department for Business, Energy and Industrial Strategy, the programme improves the ability of partner countries to develop effective infrastructure by sharing tools and expertise.



*The FCO's Sir Simon McDonald witnessing the signing of an agreement between Peru and the UK on infrastructure collaboration.*

Interventions have contributed to revisions on construction law in Vietnam, and adoption of Building Information Modelling (BIM) tools to help ensure higher quality and more sustainable building infrastructure across the country. Peru also announced its National BIM Strategy in August 2019 to make this digital tool mandatory for all public infrastructure projects after 2024. BIM has also now been incorporated into Colombia's national digital transformation strategy, which will help to cascade the tool throughout the whole country.

The IPA was invited by Indonesia to present at the Indonesia Infrastructure Development Financing conference in November 2019, sharing UK experience in infrastructure development, with a focus on sustainability and clean growth principles.



## Global Trade (Foreign & Commonwealth Office)

The programme is working with Indonesia, Vietnam (and wider Southeast Asia), Brazil, Mexico, Nigeria, Turkey, members of the Southern African Custom Union (SACU)

<sup>8</sup> [https://www.un.org/sustainabledevelopment/wp-content/uploads/2019/07/9\\_Why-It-Matters-2020.pdf](https://www.un.org/sustainabledevelopment/wp-content/uploads/2019/07/9_Why-It-Matters-2020.pdf)

(South Africa, Namibia, Botswana, Lesotho, Eswatini) and Mozambique to help remove non-tariff barriers (NTBs) to trade. Removing NTBs improves access to regional and international trade, promotes innovation and growth, and leads to increased employment and lower prices for consumers. The programme also includes a trade facilitation element delivered in partnership with the World Bank Group and the World Customs Organisation.

An intervention in Brazil is assisting the Brazilian Intellectual Property (IP) office to modernise its processes, increase its efficiency and the quality of IP rights granted. In Southern Africa, the Trade Forward Southern Africa project is supporting technical and trade capacity building for partners in the SACU Member States (South Africa, Namibia, Botswana, Lesotho and Eswatini) and Mozambique to address NTBs that inhibit their intra-regional and international trading potential, including with the UK. Interventions include trade promotion and information, capacity-building for standards compliance in selected sectors, and trade and customs training.

The programme is partnering with the SACU secretariat to provide financial and logistical support for customs officials in member states to participate in World Customs Organisation customs training and peer-to-peer learning. This is helping officials to improve risk management, streamline customs integration, mainstream gender priorities into their activities, and understand the practicalities of trading with the UK, outside the EU.

In Nigeria, a partnership with the British Standards Institute is training standards agencies and export-oriented small and medium-sized enterprises (SMEs) from a variety of agricultural sectors, including cashew, cocoa, leather and textiles, on the practicalities and benefits of standardisation. Effective standards provide a reliable basis for buyers and sellers to

share the same expectations about a product or service helping to facilitate free and fair trade.

Changes in trade can have a differentiated impact, especially on women from marginalised groups who are living in poverty and are overlooked due to lack of awareness, data and analysis. The programme's research and analysis component has a specific focus on women's economic empowerment and ensuring equitable growth.



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

The programme targets areas where UK expertise matches India's priorities for reform, and where progress makes an impact on the UN SDGs in India and beyond: urban development, ease of doing business, financial services, skills and low carbon energy.

Over the last year, the programme has trained over 500 people to strengthen urban development planning, including in Hyderabad, Chennai, and Coimbatore, with a focus on climate and environmental resilience, waste management, flood resilience, and smart infrastructure. It has partnered with states and cities on policy and institutional reform, including on disaster risk reduction strategies and has advocated an innovative waste management plan for urban centres following the Circular Economy model.<sup>9</sup>

Support has contributed to improving the business environment in India through reforms to business start-up and cross-border trading practices. The programme helped identify 187 reforms to be implemented across Indian states, including in Karnataka where it significantly reduced the time taken for businesses to gain approvals.

Interventions have also helped strengthen India's customs processes, and led to the Indian Food Standards Agency agreeing to improve regulatory standards.

The programme is working with India to integrate renewable energy technology, particularly in electric mobility. EO Charging, a Suffolk-based electric mobility company expects to deploy a minimum of 1,200 smart charging points across India, helping to bring healthier air and better urban environments, as well as create at least 250 local jobs.

The financial services strand has helped India implement a new bankruptcy law through capacity building within the Ministry of Corporate Affairs. It also ran a competition to identify cutting edge FinTech firms in areas such as healthcare finance, SME lending, and InsurTech (Insurance Technology), with a focus on women entrepreneurs. The winners are being supported through a mentorship programme to scale up their solutions and take them to market.

The skills strand has supported over 400,000 young people over the last two years to access better quality training in sectors such as electric vehicles and renewable energy. Activities have also involved training of trainers and assessors and piloting innovative interventions targeted at training women and people with disabilities.

In response to COVID-19 the programme has established a partnership with the World Health Organisation which includes interventions to train 200 laboratory staff on data integration, and 700 field monitors on contact tracing and containment activities. A training package in 12 languages is being used to support 10,000 community workers who work with state governments on awareness raising.

<sup>9</sup> An economy that reuses and recycles resources to keep them in play for as long as possible.





The programme has also contributed to the development of new public sector governance guidelines, incorporating the principles of effective policy and regulatory design, implementation and evaluation. The guidelines are currently being finalised by the Indonesian Committee for Public Sector Governance.



### Indonesia Renewable Energy (Foreign & Commonwealth Office)

Indonesia is the fifth largest polluter in the world and has huge potential to develop energy from renewable resources. However, there are unclear policies for incentivising investment in renewables, and to date Indonesia has not effectively accessed the significant amounts of international funding available to finance renewable energy infrastructure.



The programme aims to accelerate access to affordable renewable energy, with a focus on communities living in poverty in eastern Indonesia. The partnership between the British Embassy Jakarta, the Government of Indonesia and a consortium led by Palladium International, will

establish a brokerage function to inject around £1 billion of investment into renewable energy projects, and work with government, banks and investors to create new green finance flows and instruments.



During the reporting year, the programme launched the 'Indonesia Renewable Energy Business Opportunities' report, which provides a review of the regulatory and business landscape of the sector, and introductions to renewable subsectors including pipeline project opportunities in solar, wind, and waste to energy.



### Investment Promotion (Department for International Trade)

Foreign direct investment (FDI) can lead to increases in productivity, business for local firms, and better-paying jobs. However, a lack of support and infrastructure for investors in developing countries often limits their ability to attract and retain FDI.<sup>11</sup> The programme works in India, the Philippines, South Africa, Nigeria, Peru and Pakistan, to help improve the quality of investment



### Indonesia Regulatory Reform (Foreign & Commonwealth Office)

Indonesia is the world's fourth most populous nation, with 250 million inhabitants. Whilst the national poverty rate has been cut by more than half since 1999, it has recently stagnated. Over 28 million live below the poverty line, and approximately 40% of the population remain vulnerable to falling into poverty.<sup>10</sup>

The programme is working to reduce the uncertainty, risks and costs associated with doing business in Indonesia, and encourage greater investment, by supporting reforms to the regulatory environment. A simple, consistent and predictable system provides certainty and fairness for businesses, making Indonesia a more attractive location for businesses to start and grow. The current focus is on simplifying the operational licensing systems for business by focusing on risk and the contribution of inspection to ensuring the protection of workers, consumers and the environment.

<sup>10</sup> World Bank Indonesia Overview <http://www.worldbank.org/en/country/indonesia/overview>

<sup>11</sup> Global Investment Competitiveness Report 2017/2018, World Bank survey of survey of 750 multinational investors and corporate executives with detailed analysis and recommendations concerning FDI in developing countries.

management services, build effective promotion campaigns, and grow the investment projects they facilitate. Improving the trade and investment environment in partner countries also helps create opportunities for businesses to expand and to access new markets, building strong trading partners for the future.

The programme is using the expertise of the UK's Government Communication Service—International (GCSI) to bolster investment promotion efforts and create greater awareness of investment opportunities in partner countries. In October 2019, the Philippines Board of Investment generated its first foreign investment lead from an insurance company based in Indonesia who were looking to invest in the Philippines as a result of the Board's refreshed digital and social media strategy. Elsewhere, the GCSI has been working with Invest Punjab and the West Bengal Industrial Development Corporation to strengthen their investment promotion campaigns and marketing events in Punjab and Kolkata, India.

The programme also provides technical assistance through the International Finance Corporation (IFC) to partner governments on helping to improve in-country business supply chains. In April 2020, the IFC began to provide guidance on setting up commercial partnerships to provide COVID-19 testing and medical facilities in Madhya Pradesh (India). The IFC has estimated this will help over 4 million people.



## Mexico (Foreign & Commonwealth Office)

The programme is working to address key obstacles to economic development across a range of areas including urban development, anti-corruption and the rule of law, low carbon energy and financial services.

Lack of safe, efficient and affordable public transport makes it difficult for people living in poverty in Mexico to access services and jobs.<sup>12</sup> Through the future cities strand, partnership agreements were signed in January 2020 for projects in Monterrey and Hermosillo which seek to understand and address the challenges of connectivity and mobility for vulnerable people, with a particular emphasis on girls and women.

The anti-corruption and rule of law strand aims to improve the justice system for the investigation and prosecution of homicides, embezzlement and financial cyber-crime. Partnership agreements were made in February 2020 with key government stakeholders for pilot projects in the states of Jalisco and Tabasco. Through the different pilots, the programme aims to improve the technical skills of 20% of officials working within key institutions that detect and investigate these crimes.

In Mexico, only one third of the population has access to basic financial services, including the ability to make payments and transfers, and access credit and insurance.<sup>13</sup> The financial services strand has supported the Mexican Government to develop regulations that enable FinTech firms to roll out these essential services to more people. In February 2020, the programme launched a competition to identify

and support the best entrepreneurs in the FinTech sector, with around 40 projects expected to be submitted to the Mexican Government for funding.

The low carbon energy strand's Enterprise Development Centres will train workers, SMEs and government regulators on skills which will support the sector's transition to a low carbon economy.



## Skills for Prosperity (Department for International Development)

Growth and employment opportunities depend in large part on the skills of citizens. Having the right skill set empowers people and helps them secure meaningful work. However, education and vocational training systems in many partner countries are failing to deliver the skills needed to support sustained and inclusive growth. The programme is working with Brazil, Mexico, South Africa, Kenya, Nigeria, Egypt, Malaysia, Indonesia and Philippines to improve the quality, relevance, equity and cost effectiveness of Higher Education and Technical and Vocational Education and Training.

The programme will improve access to industry-relevant high-quality education and skills development, including among excluded groups. Interventions align to partner government priorities, and where the UK can add the best value, e.g. the maritime sector in Indonesia and the low carbon sector in the Philippines.

Over the reporting year, the Brazilian government mandated the adoption of English Language Training into wider education reforms across five states in Brazil,

<sup>12</sup> Poverty and sustainable transport: How transport affects poor people with policy implications for poverty reduction, A literature review—Paul Starkey, John Hine, October 2014 <https://sustainabledevelopment.un.org/content/documents/1767Poverty%20and%20sustainable%20transport.pdf>

<sup>13</sup> Such as payments and transfers, insurance, savings, credit and securities, according to the National Survey of Financial Inclusion (ENIF) of 2018 from the National Institute of Statistics and Geography in collaboration with the National Banking and Stock Commission.

with the possibility to scale up and expand to all 26 states and the federal district. The selected states have also agreed to invest £8 million to fund further English language training efforts, illustrating strong partner buy-in for the programme. In Indonesia, agreements have been signed between UK and Indonesian education institutions. In South Africa, where youth unemployment stands at 59%<sup>14</sup>, youth dialogue events are being used to define and deliver programme activity.



The FCO's Menna Rawlings meeting women receiving support through the Skills for Prosperity programme

The COVID-19 pandemic has highlighted that learners need to be able to access an education and training system beyond the classroom. The programme is actively seeking opportunities to innovate, ensuring demand is met for more inclusive technology-enabled and flexible systems for training delivery, skills assessment and certification.



### Turkey Financial Services (Foreign & Commonwealth Office)

The programme aims to enhance the effectiveness of financial services in Turkey, with a focus on poor women and men, people with disabilities, and refugees

and immigrants. Drawing on expertise in financial services from the UK and elsewhere, it will support the development of better financial infrastructure, deeper capital markets, and improved financial inclusion.

Interventions are being designed to improve socially equal access to financial services that will increase the productivity and participation of Micro and Small and Medium Sized Enterprises in the economy; the number of people holding savings and bank accounts; and the amount of capital available for inclusive and sustainable development investments.



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

Jointly funded by the Government of India and the Prosperity Fund, the Green Growth Equity Fund (GGEF) promotes green infrastructure investment solutions. An innovative tool of UK Government, this development capital programme is a green investment vehicle which aims to attract private sector investment to finance infrastructure, a key enabler of inclusive growth. The GGEF aims to demonstrate to the market that green infrastructure investments are not only feasible, but also profitable, and influence investor behaviour towards more sustainable private sector investment in the future.

The GGEF aims to attract up to £240 million of additional private sector investment into renewable energy generation, power transmission and distribution, waste management and other emerging green growth sectors in India. It is estimated that 580,000 households will gain access to clean energy and 100,000 jobs will be created overall through GGEF investment.

The Fund Manager Eversource Capital—a consortium of Lightsource BP and Everstone Group<sup>15</sup>—has now made four investments into green infrastructure solutions. These include Radiance Renewables, a distributed generation energy platform. Radiance will develop, own and operate distributed renewable energy projects, with a current platform to supply over 250 MW of power and targets to achieve a capacity of over 1 GW. The programme's other three investments are in utility scale renewable energy, electric mobility and the waste management sector.



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

The programme is designed to catalyse technological innovation through supporting entrepreneurs, SMEs and start-ups. It also works to ensure that businesses have a platform to share innovations, partnerships and capital into the Indian market.

The UK-India Tech Hub seeks to build digital skills, support entrepreneurs, SMEs and the technology sector in India, and forge partnerships between local start-ups and international businesses. The Hub delivered the inaugural Go Global India 2019 programme, which saw 18 Indian 'tech for good' start-ups participate in digital skills training in Bengaluru and exchange visits with tech entrepreneurs in the UK. Saras Ramamoorthy, founder of Learning Matters, a start-up that delivers affordable education solutions to schools in India, said she's 'looking forward to being a Go Global champion and mentor to future cohorts'. Saras Vikram Gulecha, founder of OCEO, an internet-enabled smart water purifier that provides clean water directly to homes,

<sup>14</sup> <https://tradingeconomics.com/south-africa/youth-unemployment-rate>

<sup>15</sup> Lightsource BP is a solar developer and Everstone Group is a private equity and real estate investment firm focusing on India and Southeast Asia.

said the programme has helped him to understand 'how to take his solution to regions beyond India'.

An FCO-led component supports the development of Indian Tech Clusters by promoting links with international counterparts and centres of excellence, including in the UK. It will support the development and commercialisation of innovative tech solutions that will address societal challenges, benefit poor women and men, and create jobs.



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

Despite the high growth rates seen over the last three decades, Colombia still faces considerable development challenges, including high levels of inequality. Over 13 million Colombians live in poverty, with 2018 seeing a rise in inequality.<sup>16</sup> Through its activities in governance, infrastructure and agriculture, the programme will benefit up to 13 million people, with a focus on creating new economic and employment opportunities, and promoting gender equality.

The infrastructure strand is conducting feasibility studies which will lead to the restoration of key stretches of Colombia's railways. The first is a 48 km stretch north of Bogotá, which will provide more efficient, socially inclusive and environmentally friendly travel for two million people. The second will upgrade more than 700 km of the country's arterial route between La Dorada and Chiriguana, to provide more efficient, reliable and greener freight transportation between

agricultural and industrial production hubs in the centre of the country and ports on the Caribbean coast.



Colombian cacao farmer Carmen Erazo with UK chocolate maker Luisa Vicinanza-Bedi

#### Focus on Carmen Erazo—Cacao farmer from Huila, Colombia

Carmen Erazo is one of the three female cacao farmers who is benefiting from the programme's cacao AgriTech initiative. With an improved income, she will be able to send her 17-year old son Camilo to university—the first in the family. She and her husband Victor also plan to start English classes to further their business opportunities. Carmen has created an association called CocoAgro to share her new knowledge about fermenting beans for the highest quality chocolate with 40 other female farmers in Huila. As she helps other women improve their technical skills and gain more from their product, this will in turn open up opportunities for more female farmers to export, gain higher profits and improve their life opportunities.

In a country where 60% of the rural population depend on agriculture, agri-insurance and agri-tech interventions are supporting the sector through multiple initiatives. For example, Farming Data, a UK company which is implementing one of seven agri-tech projects, has developed a digital marketplace called Listo, to efficiently connect farmers (1,000 to date) with buyers, providing location-specific market data. This is increasing transparency, improving market opportunities, and reducing scope for exploitation. Given its popularity, Farming Data has been contracted by four city chambers of commerce to expand the platform. In partnership with Nottingham University, the Cacao Fermentation pilot is working to improve the flavour and quality of cacao beans produced by female farmers, who are then able to sell their produce to the UK and potentially other markets at significantly higher rates.



Tasting analysis for Colombia's cacao fermentation agritech project



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

The Horn of Africa includes one of the worlds' busiest shipping lanes and trading routes, via Berbera Port in Somaliland. The Horn's trade corridors provide access to the sea from land-locked countries including Ethiopia—home to over 100 million people, one of

<sup>16</sup> Poverty and equity brief, World Bank, April 2020 [https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/SM2020/Global\\_POVEQ\\_COL.pdf](https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/SM2020/Global_POVEQ_COL.pdf)

Africa's fastest-growing and diversifying economies, and yet where poverty rates remain stubbornly high. The programme is investing in the region by supporting development of an inclusive, and well-managed Berbera trade corridor. The programme is focused on unlocking prosperity by supporting Somaliland and Ethiopia to take advantage of Dubai Ports World's £0.5 billion investment in the expansion of Berbera port.

Over the reporting year the programme awarded the contract for a 22.5 km bypass around the capital city of Hargeisa in Somaliland. UK expertise will support climate resilience and environmental risk reviews of the design prior to the start of construction. Once completed, the road will reduce bottlenecks and help increase trade and economic development, stimulating inclusive growth in both Ethiopia and Somaliland by helping cross-border trade become more efficient, creating jobs, and supporting the Horn of Africa's economic integration.

Africa, alongside the British Standards Institution are also providing relevant support, for example on cross border learning on standards between the Somaliland and Ethiopian governments.

The programme is also working with UK government gender and inclusion experts, including DFID's Work and Opportunities for Women (WOW) Helpdesk, on ways to support female traders cross the border more smoothly when trading goods under US\$2,000, and to improve market facilities at the border crossings.

*Hargeisa, Somaliland*



The programme is supporting trade facilitation efforts in the region, including trade and transit negotiations to improve the efficiency of cargo clearance and reduce costs. In partnership with relevant government authorities, a simplified trade regime is also being designed for agreement between Somaliland and Ethiopia. Implementing partner TradeMark East

# Case Study: Promoting better trade and investment climates through the Global Business Environment programme



A well-regulated, transparent, and competitive private sector is key to economic development and poverty reduction within most country contexts.<sup>17</sup> A favourable business environment drives prosperity by creating opportunities and incentives for firms to invest productively, generate jobs, and grow. The programme is working in partnership with the World Bank Group (WBG) to improve business environments across nine partner countries.<sup>18</sup> It also has a global research component to advance understanding of business environment reforms, which to date has generated 246 global analytical and policy outputs, and informed 22 reforms in countries not directly assisted by the programme. The programme has directly contributed to 15 reforms in several programme countries, many of

which are already showing evidence of transformational impact in partner countries, as illustrated below.

Bureaucratic burdens and inadequate mechanisms to help address grievances have discouraged foreign investors from working in Brazil. The programme, through the WBG, has helped the Brazilian government tackle this critical gap through extending the remit and capacity of its Direct Investment Ombudsman (DIO). The DIO now investigates grievances from all foreign investors and has an online tracking portal for officials. Foreign firms are making use of the portal, with 13 of the 14 cases received between its launch in April 2019 and March 2020 already resolved. These 13 cases amounted to US\$591 million in foreign direct investment, likely to create approximately 3,400 new jobs in Brazil. Improved investor confidence as a result of fair and efficient grievance processes is likely to attract further and better long-term investment. Providing such aftercare services to investors is particularly relevant in the current COVID-19 context.

The Philippines' business environment remains complex and constrains private sector development. The programme has assisted the government to remove practices such as multiple operating permits and licenses, which have unduly burdened entrepreneurs. Specifically, the WBG has helped to establish and build the capacity of the new Anti-Red Tape Authority (ARTA). ARTA has already set up automatic approvals for more than 7,000 business operating permit applications pending across different government entities, helping the Philippines to

stimulate private sector growth by reducing the number of procedures and time taken to obtain permits and licenses.

In the face of time-consuming and costly regulations, entrepreneurs are less likely to start businesses or formally register their firms. In Nigeria, bottlenecks in areas such as starting a business, getting credit, trading across borders, and getting electricity bring challenges to doing business.<sup>19</sup> The programme has helped reduce the cost of regulatory compliance in Nigeria through an electronic user platform, including an online business name reservation function which aims for companies to be able to reserve names within four hours. As a result, the time to start a business has fallen from 14 to 8 days in Kano and from 10 to 7 days in Lagos. The WBG has recognised the impact of the programme on improvements to doing business in Nigeria.

The programme actively seeks to ensure that women and socially excluded groups benefit from business environment reform. A project in Pakistan is working towards developing a gender equality disclosure requirement system that encourages private sector firms to track and report progress on gender inclusive practices. In Vietnam, a pilot supplier development project is encouraging suppliers to take a gender perspective when designing and providing business development services to companies. Eight of the 25 companies participating in the pilot are co-owned or headed by female entrepreneurs. The programme has been adapting its delivery model and priorities in light of COVID-19. It is delivering more technical assistance virtually, and focusing more on investment

<sup>17</sup> <https://www.worldbank.org/en/topic/investment-climate/brief/business-environment>

<sup>18</sup> Brazil, Indonesia, Malaysia, Nigeria, Pakistan, Philippines, South Africa, Turkey, Vietnam

<sup>19</sup> <https://www.doingbusiness.org/en/rankings> The rankings for all economies are benchmarked to May 2019.

retention and resilient value chains. Equally, COVID-19 makes the programme's original objectives even more relevant. As many partner countries seek to stave off social and economic crises, business environment reform can cost-effectively support them in returning to growth.

### ***A snapshot of Prosperity Fund supported regulations***

The Prosperity Fund is sharing UK and international expertise on regulatory reform to increase transparency, reduce corruption and improve ease of doing business in partner countries. Interventions throughout the portfolio have contributed to the development of various regulations, including:

- Mexico bringing into force the General Law on Commercial Partnerships in December 2019, requiring all companies to disclose their owners, helping to prevent fraud and corruption.
- Myanmar establishing 32 Corruption Prevention Units with 150 Civil Servants trained to identify exploitable weaknesses in legislation.
- Vietnam passing a revised anti-corruption law in November 2019, banning managers of state enterprises from signing contracts with businesses run by their relatives, and public officials from establishing companies in areas in which they had previously worked in government.
- Vietnam recently approving a resolution modelled on the UK's Administrative Burdens Reductions programme (2005-2010) to simplify regulations and the cost of compliance for international businesses, freeing up resources for increased productivity and growth.
- China agreeing to revise specific anti-money laundering regulations.



## The Prosperity Fund in Africa

Africa is home to some of the fastest growing economies in the world. Early-stage entrepreneurial activity is 13% higher than the global average, and digitally, Africa already has more than half the global total active users of mobile financial services (122 million).<sup>20</sup> There is a strong case to work closely with business start-ups, helping ensure they receive the infrastructure and investment they need to meet their full potential.

Africa's prosperity is important to the UK. On 20 January 2020, the Prime Minister, Boris Johnson, hosted the UK-Africa Investment Summit to deliver impact for the people of Africa and the UK. The Summit agreed new partnerships between the UK and African countries, based on the need to create jobs and build economic growth through mutually beneficial trade and investment. The Prosperity Fund is a key part of these partnerships, delivering up to £200 million of programming across Africa to support the inclusive economic growth needed to reduce poverty and to work towards the UN Sustainable Development Goals.

The Prosperity Fund is playing its part in helping to build the conditions needed for inclusive economic growth in the continent, by partnering with a number of African countries in key areas:

- Promoting economic reforms and removing barriers to trade, improving the business climate, competitiveness and operation of markets.
- Strengthening governance, tackling corruption and building strong and accountable institutions.
- Tackling development challenges such as rapid urbanisation and climate change.
- Developing and assisting reform in sectors that can support more inclusive growth (infrastructure, skills, health, digital, finance).

Some key Prosperity Fund interventions over the reporting year include:

- Helping to reduce technical barriers to trade for Nigerian SMEs by funding global standards training to build the expertise of trade practitioners, allowing them greater access to international markets.



- Partnering with the Southern African Customs Union (SACU) plus Mozambique on customs modernisation to maximise opportunities for trade.
- Investing in the upgrade of the Berbera corridor, which aims to expand trading opportunities and improve jobs prospects for the two million Somalilanders and 13 million Ethiopians who live within 50 km of the trading route.
- Equipping local female entrepreneurs with the skills needed to start and grow successful tech-led businesses. The Future Females initiative has supported 320 women, with 107 digital innovations

already created as a result. By deploying technology to tackle local issues, these start-ups are driving positive change in their communities, as well as generating income for their female founders.

- Supporting Southern Africa to fast track the UN's Convention against Corruption, that will help progress major corruption investigations and the return of stolen assets to their countries of origin. This included bringing together eight countries in Zambia, leading to a cooperation agreement between Zambia and Zimbabwe.
- Working with the Bank of England to support financial and monetary stability capacity building to central banks in beneficiary countries across Africa. Lessons learned are already paying dividends in the regulatory response to COVID-19.



<sup>20</sup> <https://hbr.org/2019/04/the-rapid-growth-of-digital-business-in-africa%22%20/t%20%22> blank





***The Digital Access programme's female innovators at the UK-Africa Investment Summit***

The Digital Access programme brought 15 of Africa's most inspiring female technology founders from Nigeria, Kenya and South Africa to London in January 2020 to coincide with the UK-Africa Investment Summit. In addition to networking with participants from African and UK businesses and investors, the entrepreneurs participated in a series of masterclasses and networking events. The intervention aimed to support and enable more female entrepreneurs to build and scale up their businesses in Africa. Ifeoma Uddoh, founder of Shecluded Entrepreneurs—a 'tech for good' business that provides women in Nigeria with access to credit and financial advice—said "I've gained skills that will be useful for the next stage of my business" and "learnt a lot about the potential of expanding to other regions, including the UK." The programme also supported innovator Professor Muthoni Masinde, who developed ITIKI in South Africa, an early warning system that combines indigenous knowledge with scientific forecasting to minimise the effects of potentially devastating droughts, to secure three new business partners. Since the outbreak of COVID-19, the initiative has been pivoted to virtual delivery, supporting innovative start-ups in sectors such as FinTech, AgriTech, HealthTech and clean energy.

## Going digital for development and prosperity



Digital technologies are a key enabler of development and prosperity: they stimulate inclusive economic growth,<sup>21</sup> create jobs and entrepreneurship opportunities, and enable more effective delivery of government services such as health and education. However, according to the World Economic Forum, approximately half of the world's population has no access to the internet.<sup>22</sup> To bridge this gap, we need solutions that promote inclusive connectivity, build digital literacy and skills, and deliver locally-relevant digital content and services, whilst creating a conducive and safe environment for digital innovation.

The UK approach to digital is rooted in four core strategies. The UK Digital Strategy (2017)<sup>23</sup> sets out how the UK will develop a world-leading digital economy, while the UK Transformation Strategy (2017)<sup>24</sup> details how the government will use digital tools to transform the relationship between the citizen and state. DFID's

Digital Strategy (2018)<sup>25</sup> aims to establish the UK as a global leader in digital technology for international development and the National Cyber Security Strategy (2016)<sup>26</sup> sets out how the UK invests in partnerships to advance the UK's wider economic and security interests.

The Prosperity Fund has a significant digital footprint. Over half of the programmes are either implementing or planning digital and technology-related interventions with an estimated spend in excess of £200 million over the lifetime of the Fund. The Fund's flagship Digital Access programme, a DFID-led partnership with FCO and DCMS, catalyses inclusive, affordable, safe and secure digital access for excluded or underserved populations in Kenya, Nigeria, South Africa, Brazil and Indonesia. It also supports local digital ecosystems that create skilled jobs and stimulate innovations to solve local development challenges. The programme, whose overall implementation began in July 2019 after a diagnostic and piloting phase, has already delivered some exciting results, including:

- Partnered with Kenya to design the country's new National ICT Plan (2020-2024) incorporating digital inclusion objectives.
- Worked with Strathmore University, Nairobi, to develop a regulatory framework for low-cost low-energy connectivity technologies<sup>27</sup> for remote rural areas in Kenya.

- Supported NGO "inAble" to develop e-learning solutions for students living with disabilities attending 45 educational centres across Kenya.
- Reached 3,129 people in 57 excluded communities across Kenya, Indonesia, Nigeria and South Africa, through projects leading to improved digital connectivity, skills, content, and services as part of testing and demonstrating models with scaling potential.
- Supported assessments of cyber security capacity in Nigeria, Brazil, South Africa, Indonesia and Kenya using a model developed by Oxford University.
- Influenced development and implementation of Brazil's data protection legislation, which is aligned to the EU's General Data Protection Regulation (GDPR).
- Supported training for Brazilian law enforcement officials to investigate and combat cyber threats, as well as events to champion women in cybersecurity.
- Delivered the 'Women's Tech Cohort', through the UK-Nigeria Tech Hub, a one-month digital skills programme to train 100 women, in partnership with Colab.
- Trained 538 tech SMEs in EdTech, FinTech and HealthTech across 18 UK-South Africa Tech Hub partnerships with local organisations. Three of these entrepreneurs have now built scalable solutions for

21 The World Bank estimated a 1.38% increase in GDP per additional 10% of the population connected (World Bank, 2016, WDR on Digital Dividends)

22 Only 47% of the global population can access the internet (ITU, 2019).

23 <https://www.gov.uk/government/publications/uk-digital-strategy>

24 <https://www.gov.uk/government/publications/government-transformation-strategy-2017-to-2020>

25 <https://www.gov.uk/government/publications/dfid-digital-strategy-2018-to-2020-doing-development-in-a-digital-world>

26 <https://www.gov.uk/government/publications/national-cyber-security-strategy-2016-to-2021>

27 With a focus on TV White Space technology.

South African and international markets, thanks to their access to UK expertise, skills and investment.

Other interventions using digital data and tools include the Global Finance programme's co-funding of the Catalyst Fund, an inclusive FinTech accelerator which helps start-ups build solutions for underserved communities in developing countries. To date, the Catalyst Fund has provided grants and technical assistance to six FinTechs including: Kwara, which is digitising the informal group savings sector in Kenya; SpoonMoney, helping women street vendors in South Africa with savings, credit, training and other services; and Farmart, providing small-scale agriculture merchants in India with an app to help them manage their businesses and serve their customers better. Elsewhere, the Global Anti-Corruption programme is working with the Government Digital Service to improve the transparency of public procurement systems through digitalisation in Colombia, Indonesia, Malaysia, Mexico, and South Africa.



**Supporting community-owned networks in low income areas**

Zenzeleni Community Networks is the first legally-registered and self-sustainable community-owned network in rural South Africa, offering affordable, quality internet to its members. The Digital Access programme, in partnership with the Association for Progressive Communications (APC), supported Zenzeleni to establish a mentoring project for 30 community networks leaders from five further communities to create their own networks based on the same successful and sustainable model. The participating communities now have a roadmap for inclusive connectivity, and have learnt how to share services with other local community-owned networks to drive costs down further. In the words of project participant Jabulani Vilakazi : *“We have all learned that working together and leveraging resources from one another can only make us more resilient”.*



**A Zenzeleni cooperative member carefully aligns internet equipment in the village of Mankosi, Eastern Cape**

# Climate change

## Why climate change matters to the Prosperity Fund

Economic growth is vital to lift people out of poverty, but a model of economic growth that also means increases in greenhouse emissions is not sustainable. Unmitigated climate change will push more people into poverty, exacerbate inequality and vulnerability, and disrupt economic growth. Many of the effects of climate change are already being felt, as extreme weather events become more frequent, with a disproportionate impact on the world's poorest. Supporting our partner countries to both mitigate and adapt to climate change is therefore fundamental to achieving the Prosperity Fund's primary purpose: inclusive and sustainable growth that leads to poverty reduction.

The transition to resilient and low carbon economies in partner countries also offers international and UK companies export and investment opportunities. Partner countries value British expertise in a range of sectors, from renewable energy and low carbon transport to urban planning and green finance.

In helping partner countries to mitigate and adapt to climate change, the Prosperity Fund contributes to wider UK government climate efforts. The UK Government has committed to aligning all ODA spend with the Paris Climate Change Agreement. Given the urgency of action on climate change, and with the UK set to host COP26 in Autumn 2021, Prosperity Fund work comes at an important time.

## Prosperity Fund work on climate change

The Prosperity Fund invested around £36 million on projects to mitigate climate change and £15 million on

adaptation programming, in the 2019 calendar year. This was across a wide range of initiatives, from working with the Government of Thailand to build Green Bond capacity, through to training targeted at the power and utilities, real estate and transportation sectors.



Examples of the Prosperity Fund's work include:

- Supporting the development of the agricultural insurance market in Colombia, so that poor farmers and small enterprises can better protect their crops and incomes against climate change risks. The Agri-Tech Catalyst activity brings new technologies from the UK to improve the quality and production of crops in Colombia. Most of these technologies also contribute to climate change mitigation. For example, a project with smallholder banana farmers is improving irrigation efficiency in areas with reduced rainfall. The programme is also funding feasibility

studies to revive the country's rail infrastructure. In terms of freight, one train can carry the equivalent of 1,000 lorries, significantly cutting carbon emissions.

- Supporting Indonesia's renewable energy policy, regulation and financial instruments. The work in Indonesia is helping to bridge the gap between available external finance, technology and viable projects to increase investment in renewable energy. It is also accelerating development and innovation in renewable energy for innovative, replicable business models via demonstration projects.
- Working to ensure emissions reduction and resilience strategies, policies and decision-making—both in China and globally—are better informed by an evidence-based perspective on climate-change risks.

# Oversight, transparency, and monitoring, reporting, evaluation and learning

## Oversight and Transparency

The Fund recognises the importance of the effective scrutiny of ODA and continues to strengthen relationships with external review bodies and proactively engage with the Independent Commission on Aid Impact (ICAI), the International Development Committee (IDC) and the National Audit Office (NAO). ICAI undertook four reviews referencing the Prosperity Fund during 2019/20.

‘How UK Aid Learns: A rapid review’,<sup>28</sup> which considered 18 government departments and funds, noted the ‘substantial improvements’ the Fund had made to its learning processes, including through the PF Learning portal and the ‘ambitious’ plans for monitoring, evaluation and learning.

‘The use of UK Aid to enhance Mutual Prosperity: Information note’<sup>29</sup> recognised that the ‘UK’s shift towards mutual prosperity has moved it to the position of several other donors and is in line with the expectations of some partner countries’ as well as noting that there were ‘potential benefits to the UK aid programme from enhanced partnerships with the private sector’.

The ‘Mapping the UK’s approach to tackling corruption and illicit financial flows: information note’<sup>30</sup> highlighted the Fund’s work in anti-corruption, noting that work in emerging markets has ‘the potential to make meaningful impact’. The Global Business Environment programme was also flagged for its work to improve

business environments, including through its aim to unlock better business opportunities for women.

ICAI has conducted two follow up reviews since their rapid review of the Fund in 2017.<sup>31</sup> The 2018 follow up report<sup>32</sup> noted ‘positive action’ against the recommendations made, whilst the 2019 follow up report<sup>33</sup> noted that the Fund has ‘responded well’ to ICAI concerns and listed a number of initiatives introduced to address ICAI’s recommendations. They also judged that the Fund had ‘made considerable progress in putting in place the necessary systems and processes to ensure value for money and compliance with ODA rules’.

The Fund continues to make good progress to improve transparency. In 2019, an assessment of UK government departments’ ODA transparency by the organisation Publish What You Fund recognised that the Fund was increasing its transparency. The Fund has been working to adopt the recommendations and has now published full business cases (including outline theories of change) for 18 programmes and is committed to publishing these for all 27 programmes. It has also published the business case and annual review for its MREL programme, as well as annual reviews for 13 programmes (at the time of this report), and plans to publish full evaluations.

The Joint Funds Unit is working closely with departments, who are responsible for publishing the majority of programme information, including quarterly programme spend data, to ensure this is done effectively and to time.

The Fund also started publishing quarterly data to the International Aid Transparency Initiative in June 2019. Published documents are all available or linked to from the Fund’s [Programme and activities gov.uk page](#)<sup>34</sup>.

## Monitoring, reporting, evaluation & learning

To maximise impact and drive value for money, a proportion of the Prosperity Fund budget is set aside for monitoring, reporting, evaluation and learning (MREL). These activities generate evidence to inform decision-making, ensure more effective and transparent delivery, and help manage risk. MREL activities support the Fund through three cross-cutting areas:

1. Technical support helps programmes to develop tools to track programme performance, adapt as contexts change and apply learning.
2. Innovative digital platforms enable consistent reporting of results, interactive dashboards to support portfolio decision-making and a peer exchange to share best practice and learning.
3. Robust information management, as well as annual evaluations of programme and Fund performance from independent experts, drives transparency and accountability.

For further details see Annex 3.

28 <https://icai.independent.gov.uk/wp-content/uploads/How-UK-aid-learns.pdf>

29 <https://icai.independent.gov.uk/wp-content/uploads/ICAI-information-note-on-mutual-prosperity.pdf>

30 [https://icai.independent.gov.uk/wp-content/uploads/ICAI\\_Anticorruption-and-illicit-financial-flows.pdf](https://icai.independent.gov.uk/wp-content/uploads/ICAI_Anticorruption-and-illicit-financial-flows.pdf)

31 <https://icai.independent.gov.uk/wp-content/uploads/Rapid-Review-of-the-Prosperity-Fund.pdf>

32 <https://icai.independent.gov.uk/wp-content/uploads/ICAI-Follow-up-Prosperity-Fund.pdf>

33 <https://icai.independent.gov.uk/wp-content/uploads/ICAI-follow-up-of-2017-18-reviews.pdf>

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

## Unlocking opportunities for the UK

In working to promote inclusive economic growth, the Fund also potentially generates benefits for the UK, in the form of exports, investment, mitigating the risks of climate change or threats to public health, and strengthening of international rules and norms around trade, investment, and security. It also helps us be viewed as a positive and constructive force for good.



Activities to help deliver commercial 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 help generate opportunities where there is currently little or limited support for UK business, and where there is a relatively small UK Government footprint. In 2019/20, non-ODA funding supported various initiatives to promote and assist UK private sector expertise in a range of partner countries, including through campaigns, workshops, educational programmes, research, visits, networking and knowledge sharing.

The non-ODA element of the Fund is part of the wider toolkit available to Government to support favourable trading conditions for both the UK and its partners. Other resources include Trade Commissioners and Trade Envoys, as well as support from Department

for International Trade staff in embassies all over the world, and in the sector teams in the UK.

Examples of successes supported by Prosperity Fund non-ODA resources in 2019/20 include:

- EO Charging, a Suffolk-based electric mobility company, has secured a significant contract to manufacture in India.
- Chinese company Huaneng completed an investment to build a battery storage plant in Wiltshire with a capital investment value of £43 million, following attendance on a Prosperity Fund renewable energy course in September 2019.
- Support provided to Brazil's Health and Sanitary Agency changed a Mercosur regulation on condom packaging in April 2019. The change expects to reduce the price of condoms by 6%, and has led to a five year £39 million business win for a UK company.
- A Cambridge-based software company targeting financial crime has secured a contract worth over £4 million to provide a large financial institution in Mexico with a fraud detection and prevention solution.
- Up to £4 million of commercial wins for UK companies as a result of various activities linked to the Colombia programme, including a second AgriTech mission to Colombia in March 2020. Companies benefitted include: six start-ups all based outside London; Bionema, a Swansea based chemical-free pesticide company; ice-cream makers from Cornwall and Scotland; and an environmentally

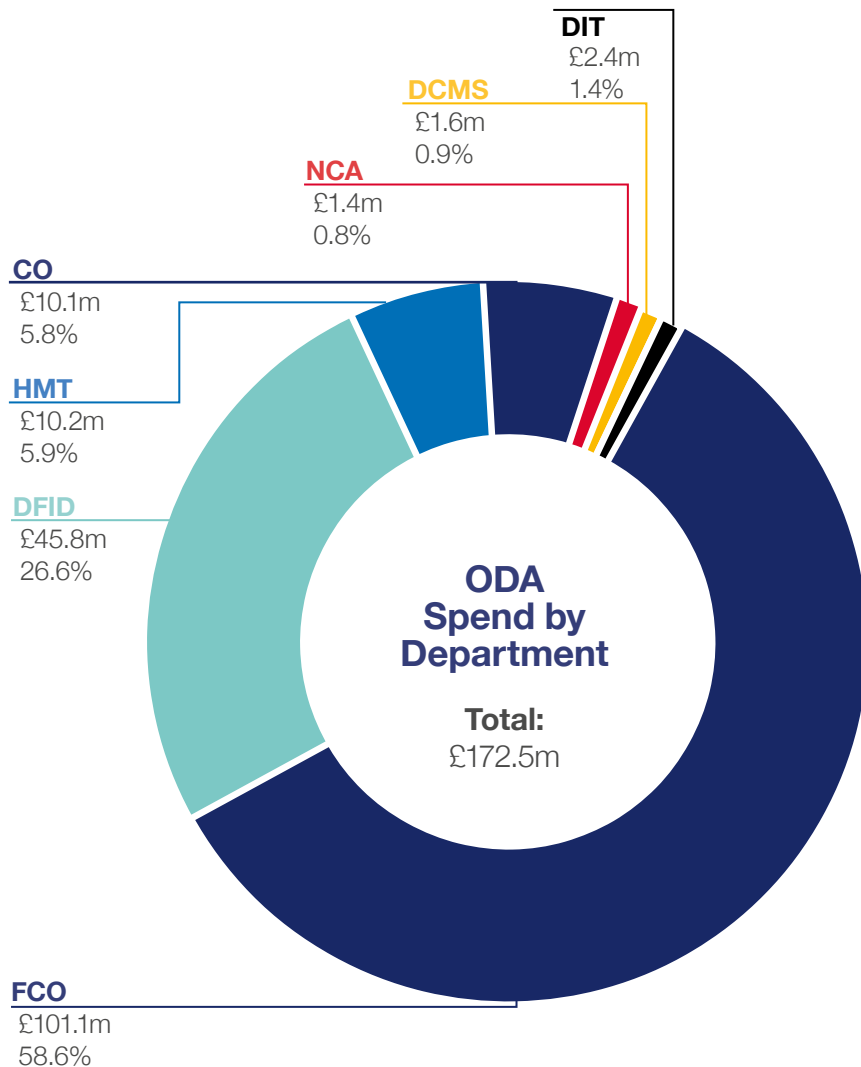
friendly medical equipment company from Lancashire.

- A Cornwall-based FinTech company has launched a payment automation platform in Mexico, securing £2.7 million in contracts.
- British solar panel company, UKSol, secured a £1.7 million contract as a result of attendance at a conference supported by the Fund in Hanoi, Vietnam.
- UK firm Onfido, a technology company that helps businesses verify people's identities, achieved an export win in March 2020 as a result of programme work in India.

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](http://www.great.gov.uk)

# ANNEX 1: Financial information 2019/20

The Fund spent 93% (£172.5 million) of its final £184.5 million ODA allocation in the financial year 2019/20.



## Spend by programme (in £million)

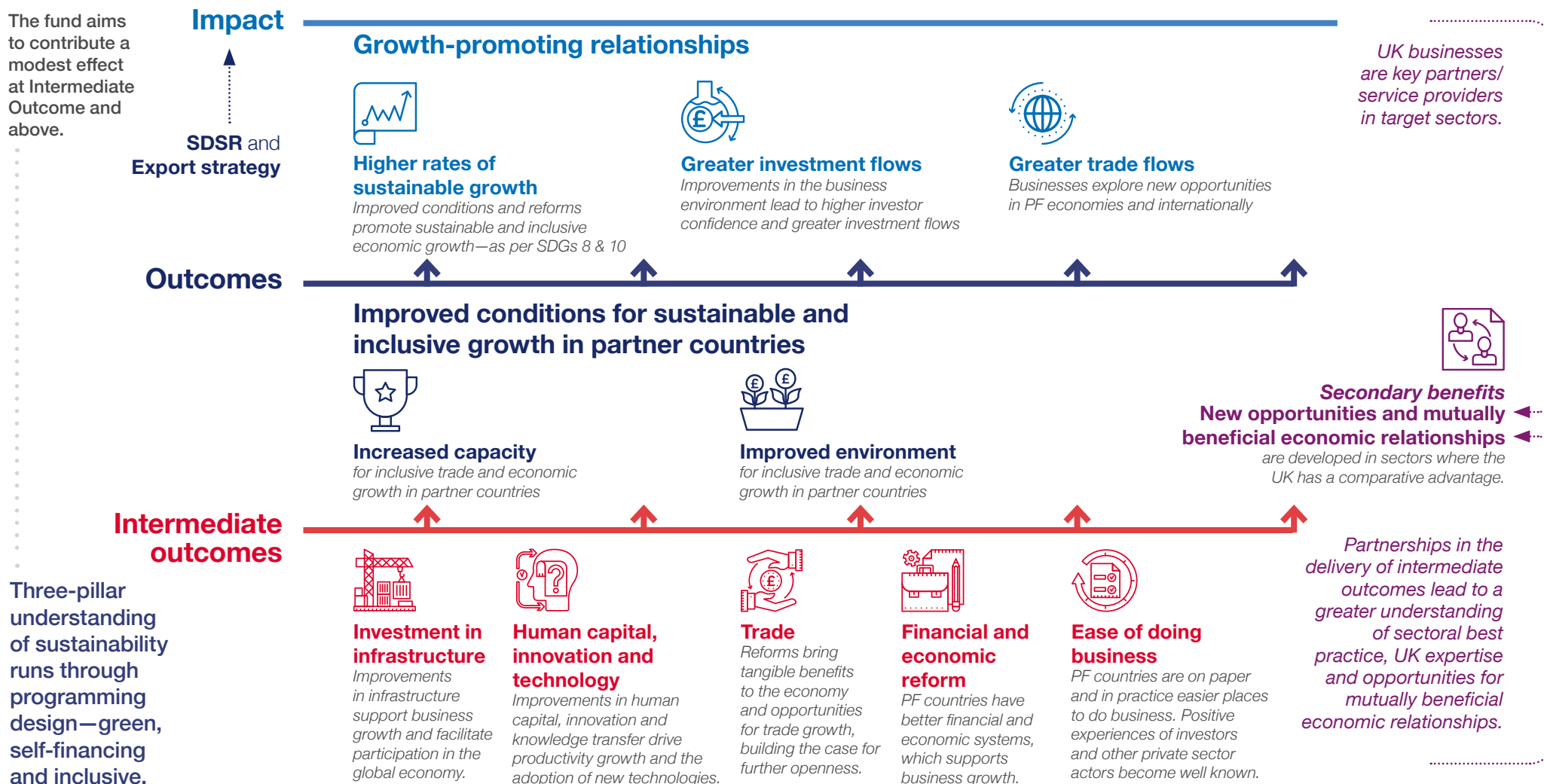


## 2019 Calendar Year ODA Spend

All Departments report on ODA spend on a calendar year basis via the OECD Development Assistance Committee (DAC). Total HMG ODA spend in 2019 was £15,174 million of which the Prosperity Fund contributed £176.3m (1.16%). The vast majority of the Prosperity Fund's spend supported bilateral ODA activity.

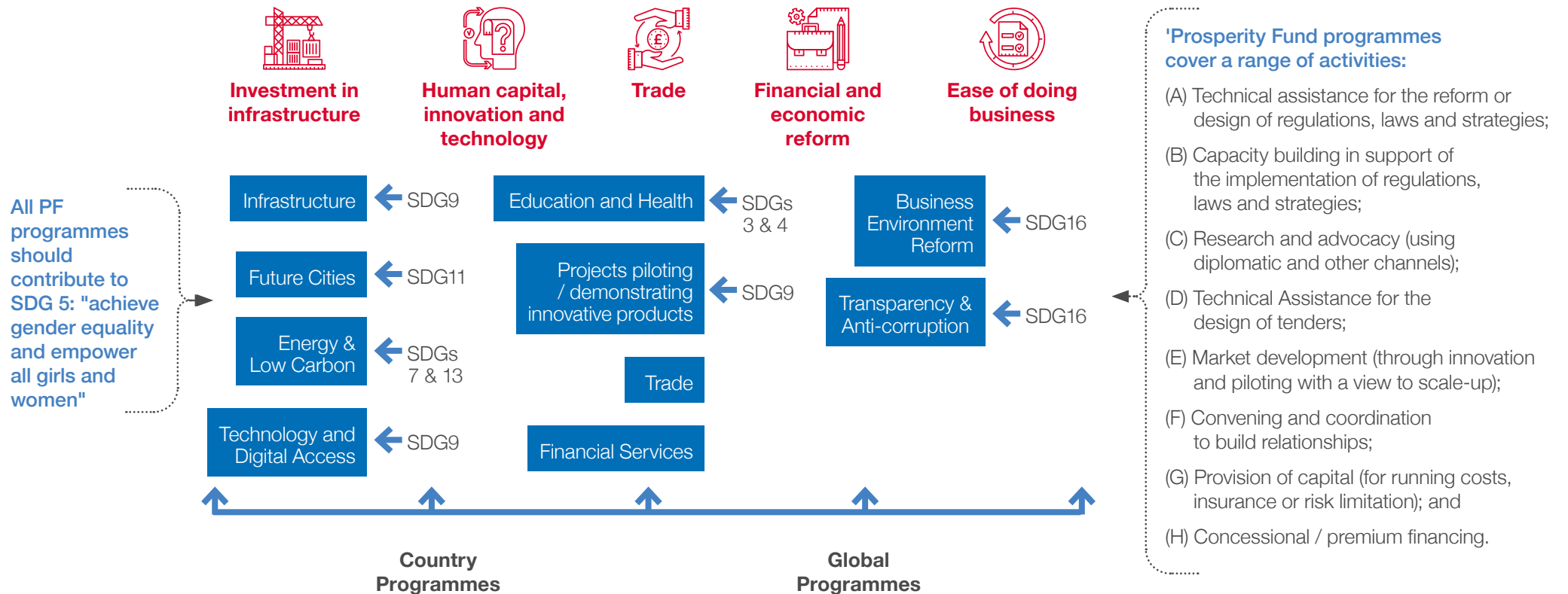
# ANNEX 2: Theory of Change

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. Programmes also 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.





## 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 3: Monitoring, reporting, evaluation and learning

The Fund's Monitoring and Reporting Hub (MR Hub) provides support to refine logical frameworks and theories of change. These are two of the core tools that programmes use in programme design and delivery to plan, monitor progress, and assess impact.

This year the MR Hub delivered 140 technical assistance engagements, covering all 27 Prosperity Fund programmes. Support has included integrating gender and inclusion into programme monitoring to help the Fund measure its impact on women and vulnerable groups, as well as advising on the measurement of opportunities for business arising from the Fund's work.

The MR Hub's 'Prospero' platform is the primary source of results and management data for Prosperity Fund programmes, enabling the Fund to measure progress, monitor Key Performance Indicators [see Annex 4] and track finances and risks. The platform has over 238 registered users, holds over 1,000 indicators and nearly 150 news articles documenting the impact the Fund is delivering.

### Evaluation and Learning

---

The Fund's evaluation and learning (E&L) service undertakes independent evaluations of Prosperity Fund programmes.

Teams of sector and thematic experts from around the world conduct evaluations. They consider programme progress and performance against the Fund's primary purpose, secondary benefits, value for money, gender

and inclusion, and programme management and governance. This year the E&L service completed:

- Seven full programme evaluations
- Ten lighter-touch 'readiness reviews' for programmes at an earlier stage of delivery
- Eleven evaluation approach papers to plan future programme evaluations
- An evaluation of the progress and performance of the Fund as a whole due to be published later in 2020.

E&L activities support Prosperity Fund programmes to learn what works and use this insight in decision-making. The 'PF Learning' platform is a virtual space to support programmes to learn and adapt. It enables Prosperity Fund staff to share their experiences, to access curated resources, and to learn from peers and experts. The platform has over 600 registered users, and has generated over 20,000 views of online learning material this year. It has also piloted five online training modules. E&L experts supplement this through regular advice to programmes on how to learn and adapt in response to emerging evidence or changes in programming context.

MREL documents are available on gov.uk.<sup>35</sup>

<sup>35</sup> <https://www.gov.uk/government/collections/cross-government-prosperity-fund-programmes>

## ANNEX 4: Portfolio indicators

The Prosperity Fund has 18 Key Performance Indicators to enable the Fund to track the effect it is having as a whole:

Name	Programmes
Volume of public and private finance (£) mobilised for renewable energy projects as a result of Prosperity Fund support	ASEAN Low Carbon Energy Brazil China Phase 1 India Economic Reform and Prosperity Indonesia Renewable Energy Mexico UK-India Green Growth Equity Fund
Number of Future Cities strategies and pilots implemented which meaningfully incorporate disadvantaged groups' views in to the design	Colombia Global Future Cities India Economic Reform Mexico
Number of women and men with improved access to affordable transport	Colombia Global Future Cities India Economic Reform Mexico
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*	Colombia India Economic Reform Global Trade Mexico
Number of women and men with improved access to affordable healthcare and medicines on a sustainable basis*	Better Health

Name	Programmes
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 Global Infrastructure India Economic Reform Investment Promotion Global Trade China Phase 2
Number of firms (disaggregated by size and ownership) helped to export through the Prosperity Fund	Global Trade Investment Promotion Brazil Digital Access
Total maximum value insured against catastrophic events	Colombia Centre for 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
Corruptions Perceptions Index – Transparency International (country level)*	ASEAN Economic Reform Global Trade
Cost of business start-up procedures (% of GNI per capita) – World Bank Doing Business*	ASEAN Economic Reform Global Business Environment India Economic Reform Indonesia Regulatory Reform Global Trade China Phase 1

Name	Programmes
Value of new Overseas Direct Investment (ODI) opportunities international and UK business can compete for as a result of Prosperity Fund activity	ASEAN Economic Reform Colombia Investment Promotion Global Trade China Phase 3 India Economic Reform
Value of ODI won by UK business as a result of Prosperity Fund activity	ASEAN Economic Reform Brazil Colombia Digital Access Global Infrastructure India Economic Reform Investment Promotion Global Trade
Value of Foreign Direct Investment (FDI) opportunities generated as a result of Prosperity Fund activity	Colombia Global Trade
Value of FDI won by the UK as a result of Prosperity Fund activity	Colombia Global Infrastructure Trade
Value of new export opportunities for International and UK businesses as a result of Prosperity Fund activity	ASEAN Economic Reform Colombia Global Future Cities Global Infrastructure Global Trade
Value of exports won by UK businesses as a result of Prosperity Fund activity	ASEAN Economic Reform Brazil China Phase 1 Colombia Digital Access Global Infrastructure Global Trade

\*Currently under review in consultation with programme teams



UK Government

Cabinet Office  
SW1A 2AS  
© Crown copyright 2020

Any enquiries regarding this publication should be sent to the team at [jointfunds.unit@fco.gov.uk](mailto:jointfunds.unit@fco.gov.uk)

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