

# Business for Development

The UK Government  
working with international  
business to achieve the  
Millennium Development Goals





Image: Jacob Silberberg / Panos

*“Trade, wealth creation and job creation are the only routes to long term prosperity”*

**Prime Minister Gordon Brown:**  
speech to the United Nations, 31 July 2007

## The Department for International Development and business: working together

Many companies are already reaping the benefits of working with DFID to explore business opportunities which both increase profits and fuel growth in poorer countries.

International development relies on commerce to create the wealth and jobs that will end poverty. That's why business is good for development and why development is good for business.

Without successful businesses bringing growth, jobs and prosperity we can't hope to meet the Millennium Development Goals. So DFID is actively seeking more companies who are ready to engage in enlightened, innovative, profitable business that benefits everyone – companies who are leaders in the field of corporate responsibility, and in managing social, environmental and economic risks.

# How DFID's work can help business

DFID can help business in these three areas:

- **New approaches to business** – generating new business with innovative finance, and boosting transparency, accountability and partnerships.
- Encouraging business that is both **successful and responsible**.
- Improving the **investment climate** so that markets work well – by removing hurdles and encouraging investment.

## The MDGs

The eight Millennium Development Goals range from eradicating extreme poverty and reducing child mortality to developing a global partnership for development. The aim is to achieve these goals by 2015.

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# New approaches to business

Companies who push the boundaries of their core business can gain a competitive edge, as well as get access to new markets through novel and innovative business models.

## Business Call to Action

The Business Call to Action challenges companies to develop new core business initiatives in a way that both contributes to the MDGs and contributes to their success. It welcomes concrete initiatives that could achieve one or more of the following:

- Generate significant new employment opportunities in developing countries.
- Improve the quality of supply chains, helping local businesses to diversify, and/or become internationally competitive.
- Include innovations and/or technologies which make it easier for individuals and businesses to do business.

A meeting in London in May 2008 showcased a range of groundbreaking initiatives taken by leading companies. Vodafone, for example, has launched its breakthrough mobile money transfer service M-PESA in Kenya, Afghanistan and Tanzania, and has plans to launch in India within a year – with the potential to reach over 40 million customers. As well as exploring new markets in Sub-Saharan Africa and Central Asia, Vodafone is developing the M-PESA platform to support new services including international remittances, salary payments, merchant services and bill payments.

If your company wants to get involved in the Business Call to Action, please contact [enquiries@business-call-to-action.com](mailto:enquiries@business-call-to-action.com)

## Competing effectively in developing countries

Businesses can win a competitive edge and expand their markets by tailoring new goods and services specifically designed to meet the needs of poor people. Good examples include:

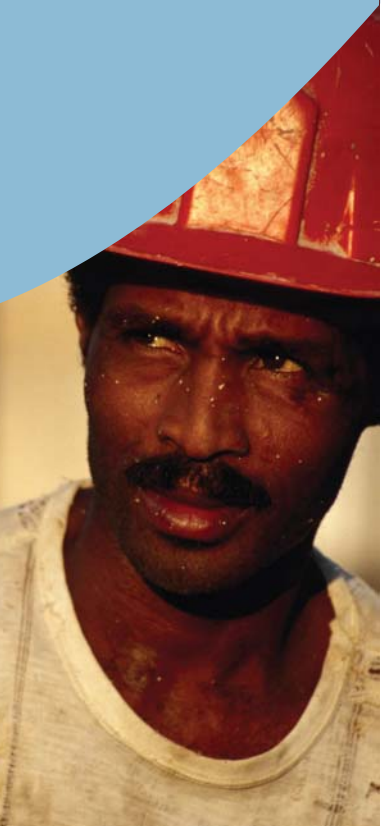
- Banks and insurance companies making financial services available to poor people.
- Pharmaceutical companies improving access to medicines.
- Research and development firms generating technologies appropriate to people and companies in developing countries.

## Increasing transparency

Corruption and fraud can adversely affect how well a company can operate in a country and inevitably impact on profits. Companies can play their part in tackling these issues by being transparent in the way they do business.

DFID has helped drive a number of initiatives designed to increase transparency and accountability. EITI covers the extractive industries (oil, gas and mining), CoST covers construction sector procurement, while MeTA covers medicines supply.

Then Prime Minister Tony Blair launched the Extractive Industries Transparency Initiative (EITI) in 2002 to increase transparency and accountability in the revenue payments to governments from oil, gas and mining companies. The aim is to ensure revenues contribute to the wellbeing of resource-rich countries – supporting poverty reduction and growth. Companies benefit from greater international credibility, competitive advantages, and better relations with local communities. Twenty-two countries are already well underway in implementing EITI.



“A singular aspect of the EITI process has been the boost it has given to closer working relationships between ... governments, international financial institutions, nongovernmental organizations and industry. Together we have succeeded in forging a successful coalition of forces without the loss of individual identity or primary purpose.”

**Sam Laidlaw**, *Executive Vice President, Global Downstream, ChevronTexaco Corporation*

## Innovative financing

DFID is to launch a new facility to support the development of innovative business initiatives. The facility will be a resource centre for businesses, offering advice and brokering business initiatives. We'll be talking to companies as we develop the facility. If you want to be involved, contact [business@dfid.gov.uk](mailto:business@dfid.gov.uk)

Companies who want to get more information and advice on new approaches to business, competition, collaboration or increasing transparency, should contact the initiatives given overleaf:



*'Businesses can win a competitive edge and expand their markets by tailoring new goods and services'*



Image: Jacob Silberberg / Panos

## KEY CONTACTS

### **Extractive Industries Transparency Initiative (EITI)**

EITI aims to strengthen governance by improving transparency and accountability in the extractives sector.

Tel. 0047 22242109 | [www.eitransparency.org](http://www.eitransparency.org)

### **Medicines Transparency Alliance (MeTA)**

Launched in May 2008, MeTA will work to support national efforts to enhance transparency and build capacity in medicines policy, procurement and supply chain management.

Tel. 01273 486861 | [www.medicinestransparency.org](http://www.medicinestransparency.org)

### **Construction Sector Transparency Initiative (CoST)**

CoST, launched in May 2008 aims to bring greater transparency and accountability to the construction sector. Tel. 0207 804 8000

[www.constructiontransparency.org](http://www.constructiontransparency.org) | [costsecretariat@uk.pwc.com](mailto:costsecretariat@uk.pwc.com)



Image: Sven Torfinn / Panos

## **KEY CONTACTS continued...**

### **UK Remittances Task Force**

The UK Remittances Task Force was formed in February 2006 with DFID support and aims to reduce the barriers to remittance flows from the UK to developing countries.

Seymour Fortescue, Chair of the UK Remittances Task Force  
c/o Archie Laing, Financial Sector Team, Department for  
International Development | [a-laing@dfid.gov.uk](mailto:a-laing@dfid.gov.uk)

### **Food Retail Industry Challenge Fund (FRICH)**

The £2 million FRICH brings together retailers and African farmers to increase the market for sustainably produced food in the UK.

[www.frich.co.uk](http://www.frich.co.uk)

### **GAVI Alliance**

The GAVI Alliance is a public-private partnership aiming to increase and accelerate developing country access to vaccines and to strengthen health systems. [www.gavialliance.org](http://www.gavialliance.org)

### **International Finance Facility for Immunisation (IFFIm)**

IFFIm accelerates the availability of funds for health and immunisation programmes through the GAVI Alliance in 70 of the poorest countries around the world. [www.iff-immunisation.org](http://www.iff-immunisation.org)

### **Global Fund for Aids, TB and Malaria (GFATM)**

The Global Fund was created to dramatically increase resources to fight three of the world's most devastating diseases, and to direct resources to areas of greatest need. [www.theglobalfund.org](http://www.theglobalfund.org)



## Successful *and* responsible

Research shows that long term success requires more than entrepreneurial ambition. Companies who manage their business risks, by operating to appropriate standards and developing good relations with communities and other groups, fare better in the long run. The fusing of an innovative business approach with ethical practice goes beyond conventional corporate social responsibility.

### Walking the talk

Companies can gain material benefit from joining schemes such as the Ethical Trading Initiative (ETI) and the UN Global Compact and from following the OECD Guidelines for Multinational Enterprises – all of which are being championed by the UK Government. The OECD Guidelines, for example, cover labour laws, taxation, competition and the environment. Subscribing to standards like these provides concrete evidence, for shareholders and the public, that companies are meeting their responsibilities as international citizens.

Alongside ETI we're also working with the garment and textile industry's Multi-Fibre Arrangement Forum. Together, these bodies bring garment exporters, trade unions, government agencies, non-governmental organisations, and international buyers together in order to boost productivity and improve workers' conditions.

DFID is also helping to set up the Institute for Business and Human Rights which will provide a source of global expertise on business and human rights.

*'Companies can gain material benefit from joining schemes such as the Ethical Trading Initiative (ETI)'*

“Ethical sourcing represents a better way of doing business in a global economy.”

**Paul Pressler,**  
*Former President and Chief Executive, Gap Inc.,  
ETI member*



If your company wants advice or help on being successful and responsible please contact:

## KEY CONTACTS

### **Institute for Business and Human Rights**

A one-year consultation process (Oct 2007-Sep 2008) is taking place to establish the need for the institute and to work towards its creation. [www.institutebhr.org](http://www.institutebhr.org) | Email [info@institutebhr.org](mailto:info@institutebhr.org)

### **Ethical Trading Initiative (ETI)**

The Ethical Trading Initiative (ETI) exists to tackle the complex questions faced by companies seeking to improve the conditions of workers in their supply chains.

Tel. 0207 841 518 | [www.ethicaltrade.org](http://www.ethicaltrade.org) | Email [eti@eti.org.uk](mailto:eti@eti.org.uk)

### **OECD Guidelines for Multinational Enterprises**

The OECD Guidelines for Multinational Enterprises provide voluntary principles and standards for responsible business conduct consistent with applicable laws. [www.oecd.org](http://www.oecd.org)



## **KEY CONTACTS continued...**

### **The UN Global Compact**

The Global Compact is the world's largest, global corporate citizenship initiative. [www.unglobalcompact.org](http://www.unglobalcompact.org)

### **The Voluntary Principles on Security and Human Rights**

The Voluntary Principles have been developed to guide companies in balancing the needs for safety while respecting human rights and fundamental freedoms. [www.voluntaryprinciples.org](http://www.voluntaryprinciples.org)

### **Multi-Fibre Arrangement (MFA) Forum**

The MFA Forum promotes greater international competitiveness by improved productivity and increased social responsibility through compliance with health and labour standards. [www.mfa-forum.net](http://www.mfa-forum.net)

## Improving the 'investment climate'

Businesses keen to invest in developing countries can be put off by potential risks to their investments caused by red tape, poor legal systems and other barriers to business operations. DFID is supporting business by working to overcome these hurdles in order to create a more business-friendly environment – helping keep costs down and creating more freedom to operate.

### **Opening Africa for business**

We actively support the Investment Climate Facility, which aims 'to make Africa a better place to do business'. African governments, donors and large private companies have come together to make improvements in



those areas which affect business growth, such as property and intellectual property rights, customs procedures, commercial justice, and investment in infrastructure and energy. DFID is encouraging international companies to take part in initiatives like this by offering corporate members a leading role in major programmes and making sure that initiatives are pro-active, accountable and results-driven.

### **Developing innovative investments**

Our Challenge Funds offer grants to businesses, on a competitive basis, to help cover part of the cost of getting new commercial ventures going – ventures that might not get going without help. We've designed them to stimulate business activities that particularly benefit the poor, but which are commercially viable and capable of expansion. Examples include the Food Retail Industry Challenge Fund and the US\$50 million Africa Enterprise Challenge Fund, which build on the successes of our previous Challenge Funds.

## Providing funding schemes

DFID is also providing international funds for schemes financed jointly with other donors, which aim to help countries adapt to climate change, and that encourage business to develop vaccines vital for the developing world.

A range of international facilities are available that encourage businesses to invest in infrastructure in developing countries, and to streamline the investment process. Infrastructure projects require large investment on the part of business. DFID is funding a number of such facilities, like the Private Infrastructure Development Group, to lessen the risk of investment in this area.

“ICF is a bold and innovative initiative that will play a crucial role in creating the conditions for enterprise growth in Africa – and through that, the sustained reduction of poverty. The Shell Foundation is proud to be one of the founding contributors to ICF.”

**Hurt Hoffman,**  
*Director, Shell Foundation*



Companies who want more information and advice on how to access innovative investments or how to get involved in improving the investment climate in the countries where they operate should contact the following:

## KEY CONTACTS

### **Africa Enterprise Challenge Fund (AECF)**

The US\$50 million AECF aims to stimulate private sector entrepreneurs in Africa to find profitable ways of improving access to markets and how they function for the poor.

[www.africaenterprisechallengefund.org](http://www.africaenterprisechallengefund.org) | [aecfenquiries@dfid.gov.uk](mailto:aecfenquiries@dfid.gov.uk)

### **Private Infrastructure Development Group (PIDG)**

PIDG encourages private infrastructure investment that contributes to economic growth and poverty reduction in developing countries.

[www.pidg.org](http://www.pidg.org)

### **Investment Climate Facility for Africa (ICF)**

The ICF is a private-public partnership, focused on improving the continent's investment climate. Tel. 0025 5222 129211 (Tanzania)

[www.investmentclimatefacility.org](http://www.investmentclimatefacility.org) | [info@icfafrica.org](mailto:info@icfafrica.org)

### **International Growth Centre (IGC)**

Through an international network, the IGC will deliver world-class research and demand-led analytical and policy support to developing countries on growth. Kerry Nelson, Growth and Investment Group, Department for International Development | [k-nelson@dfid.gov.uk](mailto:k-nelson@dfid.gov.uk)

### **The Financial Sector Reform and Strengthening (FIRST) Initiative**

FIRST, managed by the World Bank on behalf of donors, provides technical assistance to promote strengthening of the financial sector.

[www.firstinitiative.org](http://www.firstinitiative.org) | [first@worldbank.org](mailto:first@worldbank.org)

## More information on how the business of development can develop your business

If you'd like to talk to us about ways of working with DFID – on innovative models that can be applied in various countries, or in existing initiatives and partnerships – please email [business@dfid.gov.uk](mailto:business@dfid.gov.uk). You can also visit [www.dfid.gov.uk/business](http://www.dfid.gov.uk/business), where you'll find up to date information on all our work with business and on the new facility we're developing to support innovative business initiatives.

### In country

DFID works in forty-eight countries around the world.

If you'd like to talk to someone about working in a particular country please email [business@dfid.gov.uk](mailto:business@dfid.gov.uk) and we will either put you directly in touch with one of our network of advisors or facilitate an introduction to others who can help.



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