

# Government response: DFID in the News

From:

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The facts behind media stories about DFID's work.

You may have read about the [Prosperity Fund](#) in this morning's papers.

This is a cross-government fund designed to create economic growth in middle-income countries, where more than 60% of the world's poorest live, so they can stand on their own two feet and become our trading partners of the future.

The Prosperity Fund will provide expertise and technical assistance to promote economic reform and remove barriers to trade, tackle corruption, strengthen policy capacity and build strong, effective and accountable institutions.

The Independent Commission for Aid Impact (ICAI) has just published a report on the Prosperity Fund. Here is the government's response to it.

A UK government spokesman said:

Sustained economic growth is the only long term solution to poverty and the Prosperity Fund supports the vital economic development needed to help middle-income countries – where more than 60% of the world's poorest live – to stand on their own two feet and become our trading partners of the future.

Overseas Development Assistance spend under the Fund is and will continue to be fully consistent with UK law under the International Development Act and OECD DAC criteria.

As ICAI acknowledge the Fund has made significant progress in a short time frame and we are already implementing the vast majority of ICAI's early recommendations, including on transparency.

## **Why does the Prosperity Fund focus on countries like India and China?**

- More than 60% of the world's poor live in middle income countries such as China and India and it is vital that they have access to expertise and private sector investment to help the poorest people lift themselves out of poverty.

- The UK ended its traditional bilateral aid programmes with China (March 2011) and India (Dec 2015). Instead UK relationships now focus on trade and investment, providing expertise to support economic growth and development and working on global issues in a mutually beneficial way.
- India is a critical global economy. Supporting economic development will help global prosperity. This brings direct benefits from greater trade and investment opportunities – including for UK businesses. It is only right that UK companies should contribute to and share in that prosperity.

## **How is it being delivered?**

- The Foreign and Commonwealth Office (FCO) embassies and high commissions play a key role identifying opportunities, developing project proposals and overseeing local delivery, working both at country and regional levels. Cross-government teams work with a wide range of UK business and civil society partners to help identify how the Fund can deliver the greatest added value.
- A cross government Ministerial Board, supported by a cross government Portfolio Board gives strategic direction and manages the overall portfolio. The governance of the Fund will help ensure full coherence with other cross government funds, including the Conflict, Stability and Security Fund (CSSF), Empowerment Fund and International Climate Fund.
- Overseas Development Assistance spend under the Fund is and will continue to be fully consistent with UK law under the International Development Act and Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).

## **What is each government department's role in the programme?**

- The Department for International Development (DFID), Foreign and Commonwealth Office (FCO), HM Treasury (HMT), Department for Business, Energy and Industrial Strategy (BEIS) and Department for International Trade (DIT) are represented on the Portfolio Board and Ministerial Board. Each department can bid into the Fund to deliver programmes.
- The Prosperity Fund has been designed through a consultative process which draws in particular on DFID experience and expertise. Many elements of the Fund including the concept note and business case process and multi-year programming are modelled on DFID processes.
- The Prosperity Fund Management Office (PFMO) that administers the Fund is staffed from across government.