

Press release: UK to help businesses step up investment in world's poorest countries

Today (16 March), International Development Secretary Priti Patel set out how the UK is making it easier for companies to invest in the world's poorest countries and urged businesses to invest at a time of unprecedented humanitarian crises.

Speaking to CEOs at Methodist Central Hall in London at the "Transforming Investment Risk" event hosted together with the President of the World Bank Group, Jim Yong Kim, Ms Patel outlined how investment from British and international companies is desperately needed to create jobs and build basic infrastructure, such as roads and ports in the world's poorest countries.

City of London businesses Lloyds of London, Aviva, Prudential, Standard Chartered and the London Stock Exchange, have already confirmed they will rise to the challenge set by Ms Patel.

This will help create more stable and prosperous economies, which will mean countries have a better chance of overcoming future crises and standing on their own two feet.

International Development Secretary, Priti Patel said:

Conflict, broken politics and instability have left the world facing an unprecedented humanitarian challenge.

The UK is giving urgent relief to help millions of people on the brink of starvation, but the fact is, without job creation and a healthy economy many of the world's poorest countries have little chance of developing the resilience needed to overcome future crises.

With one billion young people entering the job market across Asia and Sub-Saharan Africa over the next decade private investment is absolutely vital to help lift people out of debilitating poverty.

We will make it easier for companies – including British ones – to invest in these new opportunities and help build a more stable and prosperous world for us all.

World Bank President, Jim Yong Kim said:

Achieving sustainable growth is only possible if we harness the private sector's expertise, capacity to innovate, and capital.

Mobilizing private investment, even in the most challenging markets, will lift people out of extreme poverty while developing new markets, supporting economic growth and reducing the risks of violence and fragility that can cause widespread suffering. The UK is an important partner for the World Bank Group and I look forward to our continued collaboration on this and other important issues such as health, nutrition and creating jobs.

International and UK businesses have said they find it too risky to invest in developing markets because of over-regulation, poor energy supplies and a lack of access to financial services.

Ms Patel set out how the UK is cutting excessive red tape, match-making investors with specific opportunities and using the City of London's expertise to improve financial services, including insurance in these countries. This will make it easier for businesses – including British companies – to invest.

The UK is:

- improving national electricity systems and attracting investment in infrastructure across Africa and South Asia;
- drawing on expertise from the City of London's insurance sector to help businesses and governments get better access to insurance against natural disasters;
- continuing to support the work of CDC to create jobs in riskier markets;
- working with other UK government departments to increase UK Export Finance's ability to guarantee exports in local currencies – to help protect against currency fluctuation;
- working closely with the City of London to help it become the go-to location for development finance – helping businesses from developing countries to issue bonds in London; and
- creating skilled workforces for industrial parks, like Hawassa in Ethiopia, to help encourage investors to set up their factories in developing countries.

The additional financing needed to achieve the UN Global Goals by 2030 is estimated at \$2.5 trillion every year, but current investment levels are less than half of that.

The private sector is a key part of this – it has the expertise to make innovative investments in challenging markets, and DFID's first Economic Development Strategy sets out how private sector investment will help developing nations speed up their rate of economic growth, trade more and industrialise faster, and ultimately lift themselves out of poverty.

Group Chief Executive Officer of Aviva Plc Mark Wilson said:

Private capital has the power to transform the lives of those most in need. We must turn the current trickle of private capital into a torrent, unleashing trillions of pounds to deliver tangible and

lasting change. DFID's Economic Strategy recognises just that and Aviva commends it.

Head of Innovation at Lloyds of London Trevor Maynard said:

The changing nature of risk and the persistent levels of underinsurance in developing and emerging economies mean communities around the world are increasingly vulnerable to catastrophic disasters. Lloyd's believes the insurance industry and other financial services can play a key role in mitigating this risk and building global resilience.

I therefore welcome DFID's Economic Development Strategy, which sets a clear ambition for the City to demonstrate global leadership and cement the UK's position as the leading financial centre for the developing world. The City of London can and must play a leading role in financing growth in the developing world, creating jobs and ending the dependence on aid.

CEO of London Stock Exchange Group Xavier Rolet said:

London Stock Exchange Group is delighted to partner with the Department for International Development to support investment into the developing world's most productive sectors and fast-growing companies, driving job creation and economic growth.

Working in partnership with African exchanges, we are developing robust, efficient and transparent capital markets to raise finance for African companies and encourage increased investor participation in Africa's growth story.

Regional Chief Executive of Europe and Americas for Standard Chartered Tracy Clarke said:

Standard Chartered supports the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. We will continue to partner with DFID, the World Bank's International Finance Corporation and others to deliver innovative and blended finance solutions for our markets.

Chief Executive Officer of Prudential Africa Matt Lilley said:

The City of London and the UK's financial services sector is a unique asset, with an unrivalled concentration of capital and expertise, and truly global reach. We are pleased to join DfID and the World Bank in discussing how companies like Prudential can help

drive growth in emerging African economies, reaching more customers, creating jobs, strengthening capital markets and investment, and supporting the long term transition from aid dependence.

- The Secretary of State of International Development Priti Patel and World Bank President Jim Kim are hosting a joint UK-World Bank Group event for UK and international businesses on 16 March 2017. The event is taking place at Methodist Central Hall, Westminster, London, SW1H 9NH.

The UK is making it easier for businesses to invest in developing countries by:

- improving national electricity systems and attracting investment in infrastructure across Africa and South Asia; as unreliable and unaffordable energy is a significant barrier to economic growth. Power outages reduce GDP in Sub-Saharan Africa by 2% and reduce sales of businesses by 6%;
- drawing on expertise from the City of London's insurance sector to help businesses and governments get better access to insurance against natural disasters so they can prepare for potential emergencies and recover more quickly;
- reducing the financing risks associated with essential projects to make commercial lenders like Banks more willing to provide additional finance to initiatives that bring jobs to developing regions;
- continuing to support the work of CDC, which makes pioneering investments with clear development impact, for example in places including the Democratic Republic of Congo, Afghanistan and Sierra Leone, creating jobs and opportunities for growth;
- working with other UK government departments to increase UK Export Finance's ability to guarantee exports in local currencies – to help protect against currency fluctuation;
- working closely with the City of London to help it become the go-to location for development finance – helping businesses from developing countries to issue bonds in London. For example, the London Stock Exchange and IFC have had tremendous success in building a market for Masala Bonds, with Indian companies now able to access rupee finance through London. This will make sure investments can be made free of the fear that fluctuations in currency markets will result in bankruptcy; and
- creating skilled workforces for industrial parks, like Hawassa in Ethiopia, to help encourage investors to set up their factories in developing countries.

The UK has stepped up to give urgent relief to millions of people who are at risk of starvation in South Sudan, Somalia, North East Nigeria and Yemen, and continues to lead the global response to the ongoing crises in Syria. Our humanitarian support has included:

- Providing emergency health services for 1.7 million people in Somalia.
- Food for over 500,000 people in South Sudan and life-saving nutritional

support for 27,500 children.

- Life-saving support to the 650,000 South Sudanese refugees who have fled to Uganda.
- Life-saving aid to Yemen and North East Nigeria which provided food, medical supplies, water and emergency shelter to over two million people in 2016.