

Rt Hon Hilary Benn MP
Secretary of State for International Development
Department for International Development
1 Palace Street
London SW1E 5HE

20 July 2006

Dear Secretary of State,

White Paper on *Eliminating World Poverty*

We would like to congratulate you on the recently published White Paper on International Development, and in particular on the decision to include a chapter on *Reducing poverty through economic growth*. The White Paper has clearly signalled your department's intention to place a greater emphasis on private sector development. However, we are disappointed that it did not go further in placing growth and the role of the private sector at the heart of your department's strategy.

We welcome the sentiments set out in the document that "economic growth is the single most powerful way of pulling people out of poverty" and that "it is the private sector – from farmers and street traders to foreign investors – that creates growth". We support your view that the Make Poverty History and other campaigns have tended to "say little explicitly about the creation of more and better jobs for poor people", with "little real debate about growth".

We also appreciate the leadership role that DFID has played within the donor community in promoting initiatives such as the Investment Climate Facility, the Infrastructure Consortium for Africa and the Africa Enterprise Challenge Fund. All have the potential to be of great benefit to the millions of poor people engaged in private sector activity. We also recognise DFID's important role as champion of the Extractive Industries Transparency Initiative, and welcome the White Paper's proposals on taking it forward. We have also found DFID's engagement in Business Action for Africa of great value in promoting a new partnership between DFID and the private sector, and welcome the White Paper's commitment to continue this relationship.

It is in this spirit of partnership that we would also like to share some constructive criticism of the document. First, we do not feel that sufficient emphasis has been placed on growth. At the start of the White Paper consultation process you rightly selected "growth and poverty reduction" as the focus of your first speech. Explaining why you had made this choice, you stated that "You could say, "It's the economy stupid", and you'd be right". We were therefore disappointed to see growth relegated to chapter 5 on page 56, with no substantive mention of it in your Preface. While we of course recognise the importance of governance to promoting investment and pro-poor growth, we believe that, by not setting "growth and poverty reduction" as its overarching theme, the White Paper has missed an opportunity to shift the debate. The document itself acknowledges, after all, that "Significant improvements in governance can take place...[and that] In most cases, strong political leadership, **economic growth**, and a **vibrant private sector** were the main factors encouraging change."

Second, the White Paper is overly timid on the powerful contribution that the private sector can make. The private sector is playing a driving role in promoting transparency in the extractive sectors, strengthening Africa's trade capacity, developing Africa's investment climate, supporting small enterprises through inclusion in long-term supply and distribution chains, tackling HIV and AIDS, and promoting a more balanced perception of Africa. Not only does the document fail to refer to positive examples such as these, but its primary focus is on the negative impact of a minority of irresponsibly-managed and law-breaking companies. Of course, the measures against bribery and corporate corruption are welcome, but it is unfortunate that DFID has chosen this as its point of departure for understanding the relationship between business and development.

Incidentally, the omission of the private sector from your department's website list of White Paper stakeholders (now rectified, following a representation made to your officials), demonstrates just how far DFID needs to go in embedding a private sector understanding within the organisation.

Third, DFID's own commitments, while welcome, do not go far enough. The levels of spending on the issues that matter to growth and private sector development are disproportionately low. The Investment Climate Facility is a case in point – attracting only £10 million per year over three years compared to, for example, £100 million for a Governance and Transparency Fund to strengthen civil society and the media. More significantly, it is not clear that the set of policies outlined across the document amount to a coherent, growth-focused strategy.

These comments are offered in the context of our recognition of an emerging trend within DFID towards embracing the importance of growth and the private sector to meeting its development objectives. The White Paper offers the opportunity for DFID to embed this approach at the heart of its strategy. After all, it is only private-sector led growth that can finally and forever make poverty history.

We remain committed to working with DFID and look forward to our continued collaboration.

Yours sincerely,

Edward Bickham, Executive Vice President, External Affairs, **Anglo American plc**

Peter Brew, Director, Corporate Policy and Practices, **Prince of Wales International Business Leaders Forum**

Andrew Bone, Manager, External Affairs, **The De Beers Group**

Jeffrey Sturcio, Vice President, External Affairs, Human Health Intercontinental, **Merck & Co., Inc**

Sue Clark, Corporate Affairs Director, **SABMiller plc**

Jeremy Reynolds, Senior Vice President & Head of Corporate Communication, CEMEA, **Visa**

On behalf of the business members of the Oversight Group of Business Action for Action