

White Paper on *Eliminating World Poverty: Making Governance Work for the Poor* Key Points for Business

Background

DFID launched the 2006 White Paper on Thursday 13 July. This note summaries some of the key points that may be of particular interest to Business Action for Africa members. The full report can be downloaded from www.dfid.gov.uk/wp2006.

Focus on Governance

The White Paper sets governance centre stage on DFID's agenda. In his introduction, Hilary Benn, Secretary of State for International Development, argues that "The commitments made in 2005, in particular relating to Africa, represented a deal. A contract in which increased aid and debt relief were offered in return for a commitment to better governance".

"The UK will work closely with organisations like **Business Action for Africa**...to identify ways to support development of the private sector and employment"
2006 White Paper

In addition to supporting the African Peer Review Mechanism, the UK will adopt a new "quality of governance" assessment to monitor governance and partners' commitment to fighting poverty, and *will use this to make choices about the way in which it gives aid*.

There are also announcements on the Extractive Industries Transparency Initiative: The UK will "sponsor a UN General Assembly resolution for EITI to become an international standard of good management". DFID will also work to identify a "permanent international secretariat" and "develop a means of verifying whether countries and companies are doing what they promised". The forestry, fisheries, and public procurement in the defence, construction and health sectors are also highlighted as future focus areas for improving transparency.

Discussion of Growth and the Private Sector

The White Paper includes a chapter (Chapter 5) on "Reducing poverty through economic growth", and makes a number of points that BAA members have been calling for:

- "Economic growth is the single most powerful way of pulling people out of poverty"
- "It is the private sector – from farmers and street traders to foreign investors – that creates growth".
- "The UK believes that growth is the 'exit' strategy for aid".

Emphasis is placed on the role of governments: in establishing macroeconomic stability; removing unnecessary barriers to business; supporting investment in infrastructure; and promoting agricultural growth.

Explicit mention is made of DFID's already announced support for the Investment Climate Facility (though at previously announced levels of US\$30 million over three years). Announcements include working with "international partners to ensure that at least US\$10 billion is provided annually for infrastructure in Africa by 2010 through the Africa Infrastructure Consortium" and increasing "support to private sector investment in infrastructure by at least £40 million over the next 3 years."

DFID will also work with multilateral development banks and development finance institutions "to increase investment and support to the private sector, especially in difficult environments". Support for agriculture research is also mentioned. Support for the Doha Development Agenda on trade is restated.

Measures to help poor people to benefit from growth include improving property rights, supporting "microfinance initiatives, particularly in partnership with banks and regulators", and the previously announced support of US\$20 million over three years for the Africa Enterprise Challenge Fund.

Corporate Conduct

Chapter 3 focuses on promoting good governance internationally, with a heavy emphasis on corporate conduct. Measures include, for example, launching "a revamped National Contact Point" system for the implementation of the OECD Guidelines for Multinational Enterprises, and setting up a new joint City of London / Metropolitan Police "overseas corruption unit" to investigate allegations of bribery and money laundering.