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Rapid political, economic and technological developments have led to, and continue to result in, ever more complex operating environments for business, governments and society. Businesses are working harder to remain competitive. And the importance of building strong alliances has also increased. The idea of companies strengthening relationships with their primary stakeholders – employees, customers, investors and suppliers is well known. However, there is now a growing awareness of the need to develop new types of consultation and partnership between companies and their secondary stakeholders – communities, governments, non-governmental organisations and the general public.

The ‘triple-bottom line’ acknowledges that sustainable competitive advantage now requires companies to be economically viable, environmentally sound and socially responsible. This makes strong business sense: for example, decent and equitable employment conditions make a more committed and productive workforce; social investment in host communities widens a business’s understanding of the local situation and market conditions and, in the information age, customers are demanding it.

The Department for International Development (DFID) is responsible for promoting development and the reduction of poverty. The central focus of our policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015. In order to maximise the impact of our activities we are keen to develop a different way of working in partnership with the private sector which can play a key role in poverty eradication. Partnership activities between the private sector and DFID can be mutually beneficial.

This brochure explains in more detail how partnership with the Department for International Development makes strong business sense in this new global economy.
If your company has interests in developing countries, partnership with DFID could help your company achieve – and maintain – competitive advantage.

**Partnership is good for business:** Most of DFID’s partner countries are commercially important to the business sector, not just as export markets, but also for sourcing inputs and raw materials, for foreign investment and joint ventures. Partnership initiatives are likely to result in direct commercial benefits, either because they improve the operating environment for business, raise the quality of staff and raw material supplies, create bigger markets, lead to greater understanding of the market and its opportunities or provide more effective joint venture partners.

**Synergy between business and DFID:** Both parties have access to unique experience, skills and resources. A wider alliance between the private sector and DFID will maximise the influence of both parties in the development of these economies.

*Partnership involves an agreement to work together to fulfil an obligation or undertake a specific task by committing resources and sharing the risks as well as the benefits.*
In a major initiative with other donors, DFID is establishing an advisory facility to encourage private sector participation in the provision and operation of infrastructure in the poorer developing countries.
DFID believes in working in partnership with developing countries and other organisations in the fight against poverty. On business partnership initiatives we work with:

- private companies in Britain which trade with, buy from and invest in, poorer countries
- private companies in our partner countries
- business-based organisations such as chambers of commerce and industry associations

These initiatives may also involve working with governments, non-governmental organisations (NGOs), workers organisations and international agencies.

The construction sector in South Africa is constrained by a shortage of local sub-contractors with the appropriate technical and managerial skills to work on major construction schemes. A DFID project is supporting partnerships between major international contractors and selected sub-contractors to upgrade the quality and competitiveness of their business through training.
Some common partnership models are beginning to emerge. We expect that the range of approaches will widen as we gain experience of working together. Alongside DFID’s contribution, inputs from business frequently include commercial, managerial and technical advice and financing for training and physical infrastructure.

**Partnerships to improve the operating environment for business:** Business may become involved in the identification of key policy and regulatory constraints to the business environment, and thereby in the design and implementation of reform. Partnership combines the benefits of DFID’s access to government on the one hand, and private sector knowledge on the other. Typically, DFID has provided technical assistance to help governments develop an appropriate legislative and regulatory environment. This enables the private sector to invest with more confidence in sectors such as infrastructure and manufacturing industries.

**Partnerships to strengthen the socio-economic environment:** These include support to build technical or commercial skills for individuals, businesses and NGOs as well as wider social investment, e.g. in the health and education sectors. These programmes have direct benefits for business because they help to upgrade the quality of local suppliers, create new market opportunities or bring human resource benefits in terms of a more qualified and healthier group of potential employees. They could also help establish sustainable livelihood opportunities for the poor and develop future markets for business.

**In Bangladesh, we are supporting an initiative by the local private sector to improve the healthcare of women workers in textile factories.**
One in five goods coming into the UK in 1997 was from a developing country. Combined flows of imports from, and exports to, the developing countries are nearly 100 times the size of the UK development assistance programme.
Development of new products and business opportunities with developmental applications: In some cases the introduction of new products or the expansion of business operations into new markets and regions can have major developmental benefits. DFID is prepared to share the risks of these developments where they would either not occur or would be less efficient without the Department’s involvement. For example, early talks are underway between DFID and research based pharmaceutical companies in the UK on working together to develop new approaches to combat malaria.

Responsible business: the way businesses behave towards their employees, suppliers, customers and local communities makes a real difference to people’s lives. By acting in a socially responsible way, businesses can have a positive impact and contribute directly to the reduction of poverty. Major oil companies are looking to adopt human rights policies and supermarkets are beginning to look at ethical sourcing. Much of the business community now accepts the need for codes of conduct, which guarantee minimum labour and environmental standards.

Be recognised by your customers: DFID is supporting an expanding and collaborative initiative between business and NGOs known as the ‘Ethical Trading Initiative’. This will develop best practice in monitoring and independent verification which will show people that companies are indeed meeting their commitments and more importantly striving for continuous improvement.

In 1996/97, the UK’s bilateral aid programme amounted to over UK £1 billion, with major initiatives in Africa and Asia.
More about DFID and the Business Partnership Unit

The Government’s new approach to international development is set out in a White Paper on International Development *Eliminating World Poverty: A Challenge for the 21st Century*, published in November 1997. DFID is working to address the causes, characteristics and consequences of poverty. The bulk of assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa. DFID also contributes to poverty elimination in middle income countries, and helping the transition countries in Central and Eastern Europe. DFID also works to influence development institutions like the World Bank and the IMF as well as EU and UN agencies. As well as its headquarters in London and East Kilbride, DFID has offices in New Delhi, Bangkok, Nairobi, Harare, Pretoria, Dhaka, Suva and Bridgetown.

DFID is aiming to increase the developmental impact of commercial activity in developing countries. Our managers are looking at the partnerships we can form to tackle poverty that are consistent with our country strategies. Copies of these strategy papers are available to the business community as are opportunities for feeding into them.

*The basic principle of challenge funding is that public money is allocated through competition. Each Challenge will have clearly defined objectives, and procedures for bidding, and will include a detailed description of the criteria that will be used to judge bids.*
DFID has established a Business Partnership Unit (BPU) which has a signposting and guidance role, and can provide more information about the business partnership initiative. To facilitate the process, this new unit is developing a number of funding opportunities which businesses can apply for. These ‘challenge funds’ are targeted at different initiatives including financial services, large-small firm linkages and trade development.

But these are not exclusive. DFID welcomes innovative proposals from the private sector. In the first instance these should be prepared in outline form and should provide information on the project objectives and key outputs (outcomes). Proposals should also include an outline of the financial and other resource contributions expected from each of the project partners, a description of the roles of each of the project partners, and an outline budget. DFID will be particularly keen to explore the potential for synergy between the various project partners and the ways in which DFID and business involvement will result in added value.

Proposals should be submitted to the Business Partnership Unit. A template for summary proposals is available at the partnership web-site.

To find out more, contact:

Julia Lewis
Business Partnership Unit
Department for International Development
94 Victoria Street, London, SW1A 3JL
Tel: (+44) 0171 917 7000, Fax: (+44) 0171 917 0797
J-Lewis@dfid.gtnet.gov.uk
Website: http://www.dfid.gov.uk

If you would like to find out more about DFID’s work in developing countries please contact: Public Enquiry Point: (+44) 0845 300 4100 or (+44) 01355 843 132
Other sources of information

Department of Trade and Industry (DTI)
The DTI has created an expanded Development Business Team, building on the old World Aid section. The aim of the unit is to help British firms to take advantage of opportunities to win business overseas through multilateral development aid-funded projects.

The Development Business Team liaises closely with DFID as well as the multilateral donor agencies and runs a programme of activities aimed at promoting the opportunities available to UK exporting companies. For further advice on business opportunities and information about the team’s forthcoming activities, please contact:

General Development Business Team Enquiries
Department of Trade and Industry
Room 141
Kingsgate House
London, SW1E 6SW
Tel: (+44) 0171 215 8438,
Fax: (+44) 0171 215 4535