



Working as one team at Post: Guidance for DFID, UKTI and FCO staff on HMG's Commercial Diplomacy and Untied Aid Agenda

1. The Government has made it clear that **promoting UK commercial interests** will be central to its foreign policy. The Trade and Investment White Paper states that we must adopt a whole of Government approach to trade and investment policy, involving all Departments and utilising our overseas networks. The government has reiterated that all UK aid will remain **untied** from commercial interests.
2. This note explains how DFID, UKTI and FCO staff at overseas Posts should work together to pursue the commercial diplomacy and untied aid agendas. It supplements guidance sent to DFID staff in January 2011¹.
3. Commercial diplomacy is at the heart of the government's agenda for growth. It is about using diplomacy to help create and promote the conditions for strong UK economic growth through trade and investment. Under the International Development Act (IDA) 2002, DFID is not able to use staff time or financial resources to promote UK commercial interests. DFID officials should not be involved in lobbying nor should staff use development advice or funding in any way that could be construed as favouring commercial interests. However, if development assistance that is provided by DFID satisfies the tests in the IDA, it is legitimate for DFID to support spin-off commercial benefits to the UK resulting from that assistance, provided that they are not its primary purpose. Commercial diplomacy can support UKTI, FCO and DFID agendas; increasing the total number of bidders for a project increases competitiveness and improves value for money. There are many practical ways in which DFID, UKTI and FCO can work together to deliver UK commercial priorities resulting in a win-win for trade and development.
4. **Supporting Ministers** - Staff at post will wish to provide coherent briefing on UK commercial priorities. FCO and UKTI should provide points to make on UK commercial priorities. DFID should provide

¹ 'Supporting HMG's Commercial Diplomacy and Untied Aid Agendas: Guidance for DFID staff' January 2011

information on development priorities of host governments, any development-related sensitivities, reputational and other risks, and submit handling advice to Ministers, including making clear if the risks are so great that no lobbying is appropriate. DFID Ministers will not link DFID's aid programme to lobbying for individual firms; they will take a view on how best to proceed on a case by case basis.

5. **Sharing Information** – DFID input to briefing for trade missions, including those by UKTI's Aid-Funded Business Service, has proved a highly constructive means of collaboration and should be continued in the future. UKTI and FCO staff should ensure DFID colleagues and beneficiary government and aid agency in-country representatives are aware of how the expertise of the UK commercial sector could contribute to the delivery of a particular country's development strategy.
6. **Building one HMG team at Post** - Posts should build on the good practice that already exists with respect to regular dialogue between UKTI, DFID and FCO colleagues at Post, which has produced mutual advantages through pooling contacts, information and expertise. Where possible, further integration of UKTI/DFID/FCO services through co-location or joint team working should be pursued to encourage a "one HMG" team at Post.

Working with British Businesses

7. **Identification of Tendering Opportunities** – DFID staff are able to provide a clear understanding of a country's development priorities across HMG. A key factor in the success of bidders who are serious about winning aid-funded projects is to make as early contact as possible with key decision makers in beneficiary country Ministries or aid agency delegations so as to develop a clearer understanding of development priorities. Prompt contact can also help to ensure that the call for tenders is realistic, and that expectations are aligned to feasibility. DFID staff can provide pipeline information on tendering opportunities to UKTI and FCO contacts and can share their contacts in developing country governments with business where required.
8. **Challenge Funds** - DFID's challenge funds enable DFID to engage directly with companies to achieve development objectives. These funds are subject to open competition but do provide opportunities for British companies to work with DFID. DFID staff should inform UKTI and FCO colleagues about challenge fund opportunities to promote amongst their contact companies.
9. **Promoting a Corporate Social Responsibility (CSR) Agenda** – Many UK companies trading with developing countries may have specific questions and concerns about levels of development, risks and development challenges present in a particular country. Increasingly UK companies are seeking advice on these areas from DFID, and DFID staff could share expertise on possible areas for focus, on

existing CSR initiatives and on opportunities for scaling-up pro-development business models so that UKTI may offer this advice as part of their support to British business. Where companies wish to work or partner directly with DFID on CSR initiatives, approval of the Permanent Secretary should be sought.

If in doubt

10. The following table summarising how DFID can contribute to HMG's commercial diplomacy objectives within the terms of the IDA has been approved by the Secretary of State for International Development.

DO	DON'T
<p>Fund programmes which help improve the enabling environment for business and generate commercial opportunities for all.</p> <p>Lobby partners on trade liberalisation, deregulation and public financial management for growth and poverty reduction.</p> <p>Meet with British and other businesses to exchange views and information.</p> <p>Provide general advice on economic context or trade related issues, including background briefings for UKTI, FCO, trade missions and British businesses.</p> <p>Work with business to deliver sustainable development objectives through DFID programmes e.g. challenge funds, advice and competitively procured projects.</p> <p>Adhere to EU procurement rules at all times.</p> <p>Proactively communicate public information on potential procurement opportunities.</p>	<p>Lobby partners on behalf of specific companies, interests or investors – British or otherwise.</p> <p>Skew development advice or funding in any way that could be perceived as favouring commercial interests.</p> <p>Provide privileged commercial advice to companies or investors.</p> <p>Take any liability for companies' corporate social responsibility activities.</p> <p>Become members of HMG teams focussed solely on the promotion of British business.</p> <p>SEEK APPROVAL</p> <p>To work with businesses on corporate social responsibility programmes.</p> <p>To partner with British businesses on the ground to deliver DFID objectives.</p>

DFID/UKTI/FCO
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