

Media release

Pushing Growth up the Development Agenda – the De Beers Experience

Prefatory remarks by Varda Shine

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Tower Room, Institute of Directors, 35 New Broad Street, London EC2M 1NH

Ladies and Gentlemen, it is a privilege to be asked to speak this evening on behalf of my own company, De Beers' Diamond Trading Company and members of Business Action for Africa, an organisation to which De Beers is proud to belong.

We are here this evening to hear the Secretary of State launch an exciting initiative, setting out a new approach by the Department for International Development to economic growth and the development of a responsible and sustainable private sector.

This is something that De Beers welcomes enthusiastically. We believe passionately that business in Africa, for example, has an important part to play in driving sustainable development.

As I am sure some of you know we are in 50/50 partnership with the governments of Botswana and Namibia. In both those countries, but especially Botswana, diamond revenues have contributed enormously to national income and development.

We recognise that translating natural resources into sustainable national assets depends on empowered and stable governments, able to work constructively with a responsible private sector.

From experience, we know this is mutually beneficial. For us it provides a predictable business environment in which we can prosper. For the governments it has meant that more than 80% of the very significant mining revenue generated by our operations in southern Africa stays in southern Africa – that in its own right is a very significant economic contribution.

A fair trade story on a really big scale.

But these countries want to move away from pure reliance on natural resources and to diversify – and we support this aspiration 100%. That is why, recently, we have been working very closely with our partners in government designing a programme of beneficiation setting up local Diamond Trading Companies to sell rough diamonds for local cutting and polishing to locally-based diamond companies.

Briefly put, we want to see as much value added to rough diamonds in-country as possible; for them to be polished there and perhaps set in jewellery too. We are backing this vision by selling, through programmes that encourage local value-add and investment by the world's leading diamantaires,

Public & Corporate Affairs

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more than \$1.5bn worth of rough diamond annually, generating in excess of 5,000 new jobs in Botswana and Namibia alone.

But all of this is taking place in the context of a very tough, competitive international market. And so we continue to work in partnership with government, in Namibia and Botswana and South Africa, to create the right policies, systems and processes to help these new businesses become competitive and sustainable.

We believe that our experience demonstrates the benefits of a progressive partnership between government and the private sector, where each party shares both the risks and the rewards. De Beers is convinced that this is the right approach to sustainable socio-economic development that, in our case, provides people in southern Africa a greater degree of control and accountability in their defining their own future.

It now falls to me to introduce the Right Honourable Douglas Alexander, MP.

He was appointed Secretary of State for International Development last June, as part of Gordon Brown's first Cabinet.

Combined with his previous experience in the Foreign and Commonwealth Office and his time spent at the Department for Trade and Industry, he is well positioned to understand the challenges of doing business in the emerging economies and how best to combine the talents of government and business to help overcome poverty and social injustice.

Secretary of State, the floor is yours.

Accompanying media release, issued by the Department for International Development

UK Secretary for State for International Development, Douglas Alexander, today announced at least £37 million over the next three years to establish a new International Growth Centre.

Economic growth has accounted for 80% of poverty reduction around the world since 1980, helping as many as half a billion people to lift themselves out of poverty.

The new growth centre - a virtual network of experts - will provide practical and tailored advice to stimulate economic growth in the world's poorest countries.

Douglas Alexander said: "Economic growth is a hugely powerful weapon in the fight against poverty. It has a huge impact on improving the lives of people in developing countries and is at the heart of the UK's efforts towards reducing poverty worldwide.

“There is no ‘one size fits all’ solution to stimulating economic growth and it is important to recognize that each country faces different obstacles and barriers to growth. The new growth centre will give Governments in developing countries access to world-class advice tailored to their country’s needs.”

The private sector has a crucial role to play in helping developing countries grow and through the work of DFID the UK Government is working hard to support the private sector to invest and create jobs in developing countries, and increase poor people’s access to affordable goods and services.

Varda Shine, Managing Director of Diamond Trading Company, and representative of Business Action for Africa said: ***“We welcome the Secretary of State's emphasis on putting sustainable economic growth at the heart of the fight against poverty and the need for policies that enhance the local environment for business. Private sector led growth, delivered through core business activities and innovative partnerships, creates jobs, stimulates small and medium sized businesses, introduces new products and services for the poor and nurtures key skills and capabilities to enable business to thrive.”***

Simon Maxwell, the Director of Overseas Development Institution (ODI) said: “Gordon Brown and Douglas Alexander are right to make growth more prominent in international development policy – and are right to emphasise the role that businesses can play. In fact, developing countries are growing faster now than for a generation. Africa grew by 6% last year, thanks to high commodity prices but also better governance. The challenge in 2008 will be to sustain growth through the global financial crisis, recession in the US, and the shock, for many countries, of higher prices for food and oil.”

The tender process for selecting an institution to host and manage the IGC has begun. DFID expect to award a contract in the summer and for the IGC to be launched in the autumn.