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Transcript

Emerging Powers and the International Development Agenda

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Andrew Mitchell MP:

Good afternoon.

It's a great pleasure to speak here today at the Royal Institute of International Affairs, an organisation that has long been at the forefront of informed global debate. And a particular pleasure to come to Chatham House, formerly home to two previous Prime Ministers, one none other than William Pitt the Elder.

Pitt was no stranger to change – so it's appropriate that it's here in his old home that I explain why I believe this is a time of great change for international development – of change and of potential. A seminal moment when our generations can reach out across the world. When the UK can help to broker an age of cooperation where countries unite in new alliances to tackle shared challenges.

A moment when we can begin to build a different style of international development. One that is based not on rigid structures but on dynamic partnerships which reflect the networked world in which we now live. I believe the UK has a major role to play in ushering in this new era. Indeed, given our very public commitment to poverty alleviation, I suggest that people across the world rightly look to us to be at the forefront of that change.

I don't make this assertion from any misplaced belief that the UK has some unique right to lead. No, my argument is that, having demonstrated our development credentials, having built and supported many of the alliances that were so important in the past, we now have a responsibility to help and shape the relationships that will be important in the future.

So today, I want to suggest how we might go about advancing that goal. I will:

- Examine how the world has changed over the last twenty years. How we've moved from the old bipolar axis to a place where emerging economies are becoming ever more influential
- Suggest how we might work with these new powers in tackling poverty amongst their own people
- Explore how together we can create the partnerships that will allow us to help reduce poverty in the poorest countries faster than ever before
- I'll argue that we can use those same relationships to tackle some of the biggest issues affecting today's world

- I'll propose some basic principles that will define our new partnerships and;
- Finally, I'll set out how we will take this vision from theory to reality.

Changing World

I am not the first - and I won't be the last - to say that in the space of a few short decades the world has become a different place. A new order of power has asserted itself or – for the historians amongst you - re-asserted itself. Broadsheet headlines proclaim the rise of the BRICS, the Asian Dragons, the Tiger economies, the Gulf Giants. Indeed, it has been said that the growth of these economies is as significant for Africa as the fall of the Berlin Wall was for Europe twenty years ago.

The statistics bear out the rhetoric. China is now the second largest economy in the world, with some predicting that it will overtake the US by 2027.

As the economic stock of these countries grows, so too does their political power and their ability to influence world affairs. As the Foreign Secretary has said, politics today are shaped not by the old players and their cosy clubs but by the many informal and non-traditional groupings that have emerged.

Anyone who thinks otherwise need only look to the G20 - or the UN Framework Convention on Climate Change - or the Doha trade round. Not only have the rules of the game changed, but so too have the players.

And of course, these changes are reflected in the way we do business in government. You can't shake just one bit of the kaleidoscope and expect everything else to stay the same. The Trade White Paper, published last week, explicitly refers to the need to engage emerging economies. So too does the National Security Strategy.

For international development these changes mean a picture that has become more complex and more crowded. Historically, the global debate on poverty was dominated by the rich, OECD donors. Today, it's an issue that's often championed by emerging powers.

Take China. According to the *Financial Times*, China's Development Bank and its Export-Import Bank committed more loans to developing countries over the last two years than the World Bank. Or Saudi Arabia – the second largest bilateral donor to Pakistan in the aftermath of last year's floods.

There's a similar trend at the global level where emerging powers are now indispensable players on the big issues, including trade, conflict, climate change and financial stability.

The development community has also changed. What was once a small elite, where like talked to like, has become a truly global conversation, involving: faith groups, companies, local NGOs and community leaders.

Chinese investors, Brazilian social entrepreneurs and Indian bloggers now rival Oxford and Oxfam in setting the development agenda.

Faced with such an array of talent, we have an unparalleled opportunity to seek out new partnerships, to create dynamic new alliances, both formal and informal. This is a completely changed landscape in which to galvanise our efforts to achieve the Millennium Development Goals and to drive yet harder the eradication of global poverty.

Now, there are some who feel distrust, even trepidation at the prospect of working with new partners, arguing that we risk diluting the core principles of democracy, human rights, accountability and transparency. I disagree. Let me be clear. We will always stand up for human rights and for these fundamental values. But that doesn't mean we shouldn't put our global heads together, work for development and where we agree, cooperate.

In summary, I believe that the fact that the world is changing is a cause for immense celebration not regret. For the first time in recent history more countries than ever are seeking solutions to the most pressing questions of our age. This is an incredibly exciting time, a time when we can marshal that collective energy and – together – begin to change history.

Working in Emerging Powers to Achieve Development Outcomes

This is also the perfect time for us here in the UK to reconfigure our development efforts. We have nearly completed the root and branch review that I commissioned on taking office, and we will be announcing the results at the end of this month. So we start with a clean sheet of paper. One of the themes of our new narrative will be a relentless focus on results. We owe that to the hard-pressed British taxpayer - and to the people for whom our aid is intended. Our energies and resources will therefore be concentrated where we believe we can make the greatest impact for the world's poorest people.

So, where it's appropriate, we'll change the way we work with countries as they make the transition to economic stability. Next month, for example,

DFID's aid to China will be finally wound down. China is a country that over the past 25 years has achieved growth that has been truly staggering. The richer world has been right to support China – indeed, it has been one of the main beneficiaries of China's success. But after several decades of dramatic progress we must now focus our efforts elsewhere.

Now, we should never be tempted into assuming that emerging powers share a common economic history. Each has achieved growth in different ways, some, in part, through deregulation, or a freer market economy or stronger governance. They have mixed the growth cocktail in a way that worked for them. But, crucially, having achieved growth and having succeeded in bringing so many of their people out of poverty they are well-placed to share their experience with those countries that are still developing.

Of course, we can't ignore the fact that many of these emerging powers, despite recent growth, still contain significant levels of extreme poverty themselves. In many of these countries we will remain partners in poverty reduction, recognising that our mandate is to create opportunity for the world's poorest people.

The nature of these partnerships, however, will change. Relationships will become less rigid and more equal. We will focus on what works –and we will be creative about how we achieve it. Aid will be but one of our tools. We will trade in ideas and in expertise too, and we will broker political support and create coalitions to tackle specific issues.

Nowhere will our partnership be more multi-dimensional than India, as the Prime Minister's extremely successful visit there last year made clear. The world's largest democracy and one of the world's great civilisations, India is now at the top table in world affairs. Its views carry an enormous amount of weight on issues such as climate change, trade and better governance in international institutions. This reflects the changes in India over the last decade: growth lifting people out of poverty and generating the resources to pay for some of the world's largest and most successful anti-poverty programmes, like the primary education scheme that has got 60 million children into school since 2003.

Some people - in both the UK and India – have been asking whether the time has come to end British aid to India. In my view, we are not there yet. The whole rationale for my Department is, eventually, to work ourselves out of a job. But having discussed this with the Government of India, I believe that, for the next few years, it is in both India's interest and in Britain's interest for us to continue our highly successful collaboration on development, not least so we

can support the Government of India's own successful programmes in the poorest priority areas.

The pace of India's transformation to date is remarkable. But India's poorest states – each of them larger than most African countries – still face huge development challenges. More than half of girls in Madhya Pradesh don't yet go to secondary school; more than half of the young children in Bihar are undernourished.

India values our support. And my department's work in India is some of the most effective I've ever seen. I saw for myself the difference our support can make – helping India's poorest states to improve their schools and clinics, upgrade their slums, and get electricity to their villages. And helping particularly vulnerable groups – like the remarkable group of Dalit women I met in the village of Kothri in Madhya Pradesh, who had recently banded together to stand up against caste discrimination.

I am convinced that India's economic transformation means that we need to transform our development relationship too. We need to bring our development partnership up-to-date, reflecting the huge changes India has seen in the last decade. We are discussing this with the Government of India and I envisage a new approach – one focussed much more tightly on India's poorest states and poorest people. We will help these States to unlock more funds from the private sector and reinforce the impact of India's own programmes. Our goal will be to help the poorest women and girls get quality schooling, healthcare, nutrition and jobs as the key to breaking the cycle of poverty for the next generation.

India commands respect around the world for the impact of its economic reforms. But India's private sector miracle has not yet reached some of its poorest areas. Over the next few years we want to help unlock the potential of the private sector to deliver jobs, products, infrastructure and basic services in areas which desperately need them. We have already been supporting poor women to get access to loans – women like Omvati Bai, whom I met last year in the slums of Bhopal. Her life was transformed by a loan of £70, which helped her set up a flourishing fruit and vegetable stall. Before the loan she was worried about feeding her children; now she can send them to school as well. But I think we need a much bigger vision of how we can work with India to support this kind of wealth creation and entrepreneurship; and I want to see a serious and steadily-increasing proportion of our aid used to support entrepreneurs willing to take the risk of starting and scaling-up private

investment. We want to work in close partnership with the Government of India on how best to achieve this.

The next few years will see further transition. With all the countries I have mentioned today, our aspiration over time is to transition from aid-based development relationships into meaningful and mutual partnerships for global development.

Working with Emerging Powers to Achieve Development Outcomes

If the first dimension of our changing relationship is about working with emerging powers to tackle their own poverty, the next is to work with them to reduce poverty in other developing countries.

We will approach this not with any preconceived notions of superiority but with due humility. It took Britain more than 150 years to reduce poverty by 50 per cent. China cut the proportion of its people living below the poverty line from 84 per cent to 16 per cent in just 25 years. South Korea has gone from aid recipient to OECD donor in one generation. The Gulf states have been providing 1 per cent of GNI as aid for decades, with little, if any, public recognition from the West. There is no monopoly on success, neither is there any blueprint. Every country has its own experience. What unites them is the fact that they have introduced policies that generated growth and poverty reduction and then used the proceeds of that growth to drive social progress.

By sharing those experiences and by learning from the innovation that newer economies have pioneered, we can achieve life-changing results. Take social protection, where for example, great strides have been made by Brazil, Mexico and Chile. The Bolsa Familia programme in Brazil now covers around a quarter of the entire population and has contributed to lifting some 20 million people out of poverty. Building on their success we are now working with Brazil to share expertise with Kenya - one of a number of African countries which is establishing its own programme.

India again, has been equally creative in piloting a publicly-funded insurance scheme that allows patients to access healthcare at any accredited health centre. Its near neighbours are now showing a real interest in adopting this model. Just pause for a moment to consider the impact that could be made by sharing these ideas with countries in Africa, Asia and other places where endemic poverty still exists. Or what we might achieve by pooling our respective skills, policy experience and resources. Let me give you just a few examples of what is already happening.

Together with India, the UK is working with the Clinton Foundation to help local businesses to improve the availability of low cost, high quality drugs for AIDS and malaria across the developing world and particularly in Africa. Last year, this initiative helped to improve the lives of more than two and a half million people.

DFID is seconding a member of staff to the Islamic Development Bank to work on results and aid effectiveness. The Bank has an annual spend of around 7.5 billion dollars.

In DRC, China and the UK are supporting a vast road-building scheme. China is the biggest investor in the physical infrastructure, while DFID's funding is not just building roads but is also helping the government of DRC to introduce important social and environmental safeguards. Three countries – one very successful outcome. Comparative advantage at its best.

Working with Emerging Powers to Achieve Global Outcomes

But the trajectory doesn't stop there. If we can make these sort of gains by working in partnership in emerging and developing countries, then imagine what can be achieved by taking this approach to a global level. This, I believe, is the logical conclusion, the answer to many of the problems that we have struggled with for so long. The really big strategic issues that don't readily lend themselves to single country solutions. Because the truth is that there are few, if any, big development challenges that we can hope to tackle without the help of new partners. Polio will never be eradicated without Nigeria's support. Food security will remain an aspiration without India's buy-in. We'll never solve climate change without China.

But it really doesn't take a huge leap of imagination to see how we could achieve these strategic goals. Countries like Brazil, India, China, the Gulf States are already making very significant contributions.

On conflict, Brazil leads the UN peacekeeping mission in Haiti. South Africa has been central to the peacekeeping effort in DRC. Qatar has played a key role in opening channels of communication between the government of Yemen and the Houthi rebels in the North.

On wealth creation, South Africa is playing a key role in championing intra-Africa investment for the North-South transport corridor, a project that the UK is supporting financially and technically. China is building infrastructure in Asia and Africa. The impact of these emerging powers opening their markets

to goods from poor countries will have a transformational effect on entrepreneurs in Asia and Africa.

And there's a huge amount of activity on climate change. India and the UK are jointly funding research into solar energy technology. South Africa is hosting the next United Nations Framework Convention on Climate Change Conference later this year. China plans to implement one hundred new clean-energy projects across Africa. Korea is hosting a Green Growth Institute to support the development of a low-carbon economy for the world. Brazil is a world leader in forestation and climate-resilient agriculture. If this is the sort of work that's already happening, how much greater the impact if we were able to harness that drive and energy coherently in a new peer partnership?

These emerging powers, Ladies and Gentlemen, are natural allies in pressing for long overdue reform of international institutions. The five BRICS will have a seat on the UN Security Council this year as Brazil, India and South Africa join China and Russia. This should be just the beginning. We want to see a range of institutions whose membership and ways of working reflect the world in which we live today not the world that we lived in fifty years ago. They should be fair, transparent and accountable. We need them just as we need our existing bilateral relationships. Our new partnerships will complement existing arrangements not replace them. So, in future, meetings with the Swedes and the World Bank, for instance, are now likely to include Brazil, South Korea and South Africa too. It's through these grittier, more inclusive alliances that we will build the consensus the world so badly needs.

A Partnership Contract

So, what might these partnerships look like? What are, the rules, if you like, of engagement?

First and foremost, our partnerships will be based on mutual respect and added value. What matters will be the experience and expertise that colleagues can bring to the table. However, I'm not too shy to say that working with the UK on development should be an attractive proposition. Why? Because we're one of the world's most important centres of innovation, creativity and scientific discovery. Because we respect country priorities. Because our government is one of the most open and accountable – and is taking transparency to a new level in everything we do. Because we are members of the Security Council, the G8, the G20, the EU and the Commonwealth, as well as having seats on many governing bodies and executive boards of development agencies. Because we are known and

respected for our very public commitment to international development – including keeping our promise to spend 0.7 per cent Gross National Income as aid from 2013 - to be enshrined in legislation. Because of all these things and more, I believe the UK is a natural partner, a development hub in the global network.

In return, we will seek a shared commitment to the Millennium Development Goals. We remain 100 per cent committed to our core values. And we expect the same of others. I'm not just referring to emerging powers, here. I'm referring to some of those donors who have talked the talk when it suited them but have proved themselves somewhat reluctant to walk the walk once out of the media spotlight.

Trust and respect are qualities that will be writ large in our new partnerships. As I've said, there are so many areas where we have worked successfully with emerging partners. We will combine our talents, whether money or skills or ideas – a human jigsaw of different but complementary pieces.

Yes, there will be occasions on which we will disagree. What partnership doesn't? And where those disagreements challenge core British values we won't compromise our beliefs. For as the Foreign Secretary has said 'it is not in our character as a nation to have a foreign policy without a conscience.' He described that foreign policy as one that 'seeks to inspire others with our values of political freedom and economic liberalism, that is resolute in its support for those around the world who are striving to free themselves through their own efforts from poverty or political fetters.' So, when we are faced with human rights abuses or with public uprisings such as we saw recently in the Middle East, we will hold fast to those values.

But in cases where our disagreement is rooted in detail rather than fundamental values we will be pragmatic - a peaceful and prosperous world is in all of our interests. Rather than turn our back and walk away we must be prepared to face these challenges head-on and to find a way of dealing with them.

And to those who are waiting for me to address the issue of raw materials in Africa, I say that engagement is surely sensible and logical. When we work with people, we promote openness and, in a modern world, we all learn very quickly that everyone benefits from transparency and accountability.

Looking Ahead: How will we take this New Agenda Forward?

How then, do we turn the theory of closer partnership into reality? First, we're matching our words with some internal changes. In future, there will be a dedicated team responsible for ensuring that my department, together with colleagues in the Foreign Office and other government departments, works much more closely with the emerging powers on development. The new team will coordinate DFID's input into the G20 but it will also draw together our work with China, Brazil, India and others on the key global challenges that I have outlined today. I expect the most senior members of staff across my department to contribute to the work of this team so that it is, from the outset, a quintessential part of the department's DNA. I want this team to be pioneers of reform, charting new territory and with a mandate to take bold decisions.

Secondly, we will harness our new relationships to achieve results on the ground.

- We'll work with the G20 to ensure that Africa and the Least Developed Countries gain more from trade
- We'll host with the OECD, a conference of Arab donors this summer, to agree how to improve the results and impact of our collective aid resources
- We'll ensure that the innovation of the private sector, whether here in Britain or in emerging powers, is used to help reduce poverty
- We'll invest in the agriculture that will help end famine and in the green growth that will leapfrog a generation in the creation of clean energy
- And we'll cement relationships with think tanks, academics and NGOs in the emerging powers; and
- We will launch an advocacy fund later this year to help the very poorest developing countries participate in international negotiations on trade and climate change

Thirdly, we will continue to make the case for reform of international institutions, a cause which Britain is proud to champion. We stand for governance that is fair and inclusive, in which everyone has a voice. It is these principles that have defined us as a nation and it is these principles that should define us as a world.

Fourthly, we will extend our reach across government in Britain. The fact that DFID has a seat on the National Security Council means that it is hard-wired

into the Whitehall architecture. We will work with colleagues in the Foreign Office, in the Ministry of Defence, in the Department of Energy and Climate Change and with an array of other partners to make sure that our new alliances are truly diverse and representative of all our interests.

Ladies and Gentlemen, in conclusion, I believe that these new partnerships that I have described today can drive a change throughout DFID and throughout Whitehall. They will be about commitments, not committees; about what is working on the ground, not who is in a working group; about delivery not doctrine. Because the defining characteristic of these emerging partners is that they're not just talking about changing our world, they're actually doing it. I want Britain to be part of that change, to be a beacon of influence for rich and poor alike.

By working together, by pooling our respective strengths and experience, we can do more to reduce poverty in the world in the next 50 years than we have in the past 500 years.