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It's a great pleasure to be here today to welcome so many of you from across Asia, together with my co-hosts Haruhiko Kuroda, President of the Asian Development Bank and Praful Patel, Vice President of the World Bank.

I am delighted that you have been able to join us in London for two days to discuss the Asian success story, how such impressive economic growth can be sustained, and how together we might ensure that poverty can be eradicated within a generation.

As Manmohan Singh has said, the 21st Century could truly be the "century of Asia".

China, on its own, has made possible global achievement of the Millennium Development Goal to halve the proportion of people living on less than \$1 a day. In the two decades between 1981 and 2001, China reduced the number of people living in extreme poverty from over 600 million to just over 200 million.

Vietnam's economic success over the past few years has been phenomenal. Vietnam has witnessed the fastest fall in poverty ever recorded by any country in history – from three quarters of the population to under a fifth in less than a generation. Along with India, Vietnam is heading towards Middle Income status. Indonesia, Thailand, China and others have already got there.

In Pakistan, child mortality rates have been reduced by a quarter since 1990. And although Cambodia has the highest HIV infection rate in Asia, it has made substantial progress, cutting the adult prevalence rate by almost a third since 1998.

In Bangladesh, around 97% of children aged between 6 and 10 years of age are currently in primary school and enrolment of both girls and boys is now almost equal. In Nepal, primary enrolment rates are now around 70% and gender equality in schools is improving.

Since the fall of the Taliban in Afghanistan, more than 5 million children have returned to school, almost two fifths of them girls; 100,000 teachers have been newly trained; over 1,000 schools have been built or refurbished, and 16 million textbooks have been printed and distributed.

Indonesia has undertaken huge democratic reforms. Just under two years ago, the voters, for the first time in history, elected their own President. Thailand is showing us all how to beat HIV/AIDS. Political leadership and effective programmes have cut infection rates by 80%.

All of this change is being build on a foundation on economic growth. Just a generation ago, less than a tenth of manufacturing exports were from developing countries. Today it's almost 30 per cent - and they're coming mostly from Asia. Asia now has almost a quarter of world trade – and its share will soon be the same as the Euro area.

This growth affects all of us in the rest of the world – from our climate to the clothes we wear.

In the UK and Europe for example, Asia's clothing and footwear has meant that people can buy high quality goods at affordable prices. Almost all the toys we purchase here in the UK, and half of the world's cameras, are made in China. Asia' growing imports of steel and oil affect world markets and prices.

Asia is a major destination for European investment. Over the past decade Foreign Direct Investment has increased twenty-fold. And jobs that we used to do in Europe and America are now moving east.

All this reminds us just how interconnected we are as a world. What you do affects us, and what we do affects you.

And this interconnectedness creates risks as well as opportunities. Our national borders are ever more porous to a host of different flows – people, ideas, capital, trade. These flows, if managed well, can create opportunities for us all.

But they also leave us vulnerable to risks – viruses (real and virtual), AIDS or Bird Flu, climate change, oil prices and future energy problems, insecurity, organised crime, terrorism.

These pose a threat to the well-being of the people of all our countries, and they pose a threat to the economic success that we are celebrating here.

Bird flu has moved from Vietnam to Indonesia to Turkey to France and is now poised to enter the UK.

AIDS is a major killer in Africa with 2.5 million people losing their lives last year and 12 million children already orphaned. Yet HIV infection is rising across Asia. Over 7 million now live with the virus – and the number is growing.

Climate change is happening faster than any of us anticipated even five years ago – increasing the severity of natural disasters. Remember the super cyclone that hit the Indian state of Orissa in 1999.

And as sea temperatures rise – these cyclones, experts warn, could become even more intense.

The devastation caused by Hurricane Katrina was not just something we saw on TV – we felt it at the petrol pump as damage to oil facilities led to a jump in the price of oil by \$10 a barrel - affecting all of us.

Rises in temperatures will also lead to rises in sea level. If that level does increase by 1 metre in the next 100 years, as some scientists now predict, a tenth of the population of Bangladesh will have to move house.

We are fast depleting natural resources including oil – where prices have doubled in the past two years – but also in forestry, fisheries, water and soil, and in the process we are creating potential flashpoints of conflict in the future.

This year, for the first time, more than half of the world's population now live in cities or towns – and the same will be true of Asia by 2020. Creating opportunities, yes, but problems too if we are to ensure that urban growth is not merely the growth of urban squalor, pollution and ill health.

Eradicating poverty in a generation is possible; but it is not inevitable.

So what are some of the obstacles that need to be overcome?

The first is social exclusion and inequality. It takes many forms – gender, ethnicity, caste, religion, or where people live – and it can deny poor people the chance of working and benefiting from the opportunities created by growth. While it is true that the level of poverty across Asia has been reduced by a third – it is also true that 650 million people still live in extreme poverty.

These people might be excluded from progress because they live in a remote region. In China, incomes in the west of the country are a third of those in coastal areas, child malnutrition in rural areas is four times that in urban areas; child deaths are three times higher.

And they might also be excluded because of who they are. Ethnic minorities are, by definition, a minority of a country's population, but they can represent a much larger % of those who are very poor.

In India, despite growth rates of at least 6% for over 20 years, one third of India's 1 billion people live in extreme poverty – most in regions that are being left behind.

We – in the UK – have faced the same problem in our own history – trying to overcome poverty and the divide between those who have a great deal and those who have precious little. The development of the welfare state started 100 years ago. 60 years ago the Beveridge Report set out how to defeat the “Five Giants” of Poverty, Disease, Squalor, Ignorance and Idleness that held our people back.

The post-war Labour government created the National Health Service – free healthcare for all on the basis of need and not ability to pay. And this Labour government has, as one of its objectives the ending of child poverty by 2020. None of this is easy, and we all still have more to do.

The second challenge will be to ensure that everyone has access to basic services – to education, to health care, and to water and sanitation.

In education, we see progress but there is also much still to be done. Enrolling the 40% of children in Pakistan who aren't yet in school.

On health, in all of our countries, when a woman gives birth it is normally a time for celebration – but in Bangladesh more than half a million women die each year during pregnancy or childbirth – one of the highest rates in the world.

When it comes to water, while India has increased water supply coverage by almost a fifth in the last decade, less than a third of its people have improved sanitation. China still has almost 300 million people without access to safe water.

At a global level we will need to connect 150,000 people to new water supplies every day, every year for the next 10 years if we are to achieve the Millennium Development Goals for water, and twice that for access to sanitation.

And access to drinking water is being undermined by agricultural over-use in many countries. The “green revolution” – that you led - has helped meet food needs, but I think we need a “blue revolution” in water to ensure the gains made in food production are not wiped out by the drying up of rivers and the emptying of underground reservoirs.

Ensuring that basic services are available to everyone, everywhere, is no easy task, and I hope you will take the opportunity during this conference to discuss how these services can reach more people, more effectively.

The third challenge will be to ensure that a healthier and better educated population will be able to move out of poverty. At present however, most poor people are employed in the informal sector. They need more and better jobs, decent work in safe conditions. These jobs will come, not from government, but from the private sector. That has been Asia's experience.

It will be a major challenge in the future to ensure that Asia sustains its current growth rate. Governments can play a role in this, but we need to hear from the private sector about what they think is needed to strengthen the investment climate and from communities themselves and those who represent those in work about what they want.

The fourth challenge will be to ensure that all of us use scarce natural resources sustainably. Climate change is the environmental challenge we face.

Asia has the right and the need to grow its economies, as we have done in our history. You are not the main polluters – we in the industrialised countries are. But as Asia's economies grow, they are starting to show some of the environmental problems we have seen in our part of the world. So Asia too has an interest in growing with cleaner technology, and in being part of any solution to climate change. The UK stands ready to help.

Fifth - the Asian region is already home to natural disasters - the Tsunami is one example, the earthquake in Pakistan, another and while nothing can stop these events from happening, we know that there is much that can be done to reduce vulnerability to such events, and to reduce the potential impact on people and the deaths caused. Let's work together on this.

And finally, progress on many if not all of these issues will be greatly affected by governance – the quality of how we govern and how we are governed. The process of politics – the “deal” between citizen and state - this foundation has to be laid by each country itself, but it can be undermined by corruption. Businesses don't invest. Jobs are not created. Money which should be spent on services for the poor is stolen. People distrust politicians and may eventually give up on the political system and seek answers elsewhere.

Only Asian governments can ultimately make the decisive changes necessary to ensure that the voices of its people are heard and reflected in the decisions they make. That their institutions have the authority and capacity to implement those policies, and that actions are taken reflecting the needs and interests of each and every citizen, not a select few. A strong civil society, to which governments are accountable, is crucial, as is a free media.

So how can we - the rest of the world – help?

Aid is one part of the picture but it is not alone the solution. In some parts of Asia, aid is a small fraction of national wealth – less than a fifth of 1% in India and China, in others it is more, at 13% in Cambodia, and 35% in Afghanistan.

But global aid is set to grow. Last year Europe and the G8 committed to increase aid by \$50 billion a year from 2010, and 15 states in Europe to achieve aid levels of 0.7% of their national income by 2015. Half of this has been promised for Africa, but aid for Asia will also rise substantially. And we should recognise too that China and India are now also donors.

For our part, we signed an 10 year development partnership agreement with Afghanistan in January, and today the Prime Minister will signal our intent to do the same with Pakistan. I hope soon that we will do the same with Vietnam. 10 year agreements as a sign of our long-term commitment to support the progress you are making. And in the summer we will be setting out early priorities for how we will increase our aid, including to Asia.

But we need to improve the quality of our aid too. I think donors have got to do more to follow Asia's lead, to properly support implementation of your national plans, using and helping to strengthen your institutions and monitoring systems.

We have got to do more to reduce the number of agencies operating, and ultimately this will mean putting more money through collective rather than bilateral channels.

But the core principle is to put our money wherever it will be most effective in reducing poverty.

But aid is only one way in which countries affect the development of others, and is not sufficient on its own to tackle some of the issues I have raised today. Our other actions and policies count too, and we need to do more together.

This is not just a discussion for development agencies and governments. It also involves the role of regional bodies, and the UN - where the process of reform, and the Panel set-up by Kofi Annan, will give us all the chance to ensure that a strong UN works alongside us as we together face up to the challenges that the rest of the century will bring.

In many ways the UN symbolises our desire as human beings to shape the world we have now become. To find a way of dealing with our interconnectedness and its consequences – not all of which we can predict.

In the 1960s some said that Asia would face insurmountable obstacles, while sub-Saharan Africa – richly endowed with oil and minerals - would emerge as a growing region. The facts speak for themselves. In the 1960s South Korea and Ghana were at the same stage – now income per capita is \$14,000 in South Korea and \$380 in Ghana.

We should celebrate Asia's success and learn from it. And recognise the enormous diversity across Asia – China's population is 1,300 times greater than that of Cambodia; India is the world's largest democracy – Afghanistan one of the youngest. The UK will continue to work in partnership with Asia; in different ways, in different countries, to help you achieve the progress that you want to make, as you seize the great opportunity that we now have – if we do it right – to conquer extreme poverty in the next generation.