World Bank Group President Jim Yong Kim Remarks at a Press Conference in Ghana

October 16, 2015

World Bank Group President Jim Yong Kim
Press Conference
Accra, Ghana

Transcript

DR. KIM: Thank you, President Mahama, for your very warm welcome. I am so excited to be back here in Accra. The last time I was here, we were struggling with the response to the Ebola epidemic. We're very happy to see that there have been no new cases now for two weeks, and I must say that this is in no small part due to your extremely generous effort to support the response here in Accra and also for your vision and courage in keeping the borders open and making sure that Ghana played a very positive role in this response.

You know, we're here today, though, focused on one of our two main goals. Our two goals are to end extreme poverty by 2030 and to boost shared prosperity to the bottom 40 percent in developing countries. We announced last month that we're making great progress toward our goals. Now the new figure, based on 2012 dollars, of extreme poverty is $1.90 a day, and we were very excited to announce that for the first time in human history, the percentage of people living in the world on less than $1.90 a day has fallen to below 10 percent. So, if you look back just a few decades ago in 1990, that number was 36 percent. So the notion that poor you will always have with you, we are seeing the day when we can put that to rest.

But what we know is that the reports on poverty also told us that among certain groups, poverty has deepened and that the nature of poverty is changing, and that now that we're down to 700 million, getting to less than 3 percent, which is our target ending extreme poverty, will be very, very difficult. Half of the 700 million living in extreme poverty live here in Africa. Many of those are living in what we call the fragile in conflicted affected states.
We have looked at our entire history of working in developing countries, and we have learned that there are really three critical things that we need to do in order to end extreme poverty and boost the prosperity of the bottom 40 percent. The first is to grow our economies. About 70 percent of all people lifted out of extreme poverty were lifted out because of economic growth.

In Africa, improving the productivity of agriculture and making sure that every industry, every person in Africa has access to energy, those are the two most critical issues.

The second, invest. We now know that investing in the health and education of people, just like President Mahama is doing here in Ghana, is not just the nice thing to do. It's not just the moral, ethical thing to do. It's one of the most important investments in future economic growth, in the capital that's probably most important to every country in the world, and that's human capital.

We are continuing to work with Ghana and all the countries in Africa to ensure that investments in health and education are leading to the outcomes we're looking for, better educated people ready to deal with all of the complexities of our modern economy.

Healthier people. Studies have shown that from 2000 to 2011, better health outcomes contributed to almost a quarter of the improvement in full income enjoyed by people. So we know it's important.

But President Mahama just mentioned expanding a conditional cash transfer program. We've also learned that programs to prevent people from falling back into poverty, of many of the conditional cash transfer programs that were started in Latin America but have been shown to be very effective here in Africa as well, these are extremely important, not just for protecting the poor, but for ensuring that children are in school, that children are getting adequate nutrition. And they have even contributed to economic growth in the local regions where those programs are in place.

We're here in Ghana to celebrate what will be tomorrow End Poverty Day sponsored by the United Nations. We feel there's no better place to be than here in Ghana, and we chose Ghana very specifically. We chose it after looking at many other countries where we could go to mark this first End Poverty Day. As President Mahama mentioned, poverty has been cut in half, but so many other things have also gotten better. The health of women and children and infant mortality rate, the number of adults who are literate and have finished school, these things have gotten better so quickly here in Ghana that we wanted to
demonstrate to the rest of the world that these kinds of advances in a short period of time are possible.

We see three major as reasons for Ghana's success. First is structural transformation, shift out of a solely agricultural-focused economy and in one in which non-agricultural self-employment and, to a lesser degree, wage jobs have also become part of the economy. But second is its investment in education. Today, workers without any school are a tiny minority in most parts of the country. And third, the country's urban areas have grown quickly, creating more in higher-paying jobs.

A few minutes from now, President Mahama and I and our teams will be going to Jamestown here in Accra where we will launch the new World Bank Group flagship report entitled "Poverty in a Rising Africa." The report traces two decades of unprecedented economic growth, but it also points out the difficult aspects of the job ahead.

The world's poor are increasingly concentrated here, as I've mentioned, and we know what the headwinds are, low commodity prices that from our perspective will likely continue to be low at least for some time, difficulty in accessing capital for emerging markets; there has been a very marked outflow of capital from emerging markets that seems to have increased even in the last few months. And also, we know that there still remains quite a bit of fragility and a poverty that has intensified and deepened in rural area.

Despite that, the reason we are here in Ghana is to show that with the right policies, that with the right investment in people, with the right focus on doing the right thing, despite decisions that may seem tough; at the Annual Meetings, I stressed again and again and again, we're in a period in which leaders and countries, the people of countries are going to have to make some tough decisions because the economic headwinds are blowing very strongly. The countries that make those tough decisions, that stay the course, that make the reforms that they have to make will do better in the short term, in terms of accessing capital on the global markets, and will definitely do better in the medium and the long term.

We still feel that Africa is going to rise and continue to rise and continue to grow, that it's a great place for investment, all of us here at the World Bank Group, all of us in Africa have a duty to ensure that Africa leads the way in ending extreme poverty and boosting shared prosperity.

Thank you very much.
And finally, I want to present President Mahama with our T-shirt, "End Poverty."

QUESTIONER: [Unclear]. You have been talking about some [unclear] with problems facing now is [unclear] pacify most national. I know that OECD is trying to help out [unclear]. That is the price [unclear].

DR. KIM: So it's a great question. You know, when we were in the process of establishing the Sustainable Development Goals, the Secretary-General of the United Nations asked me and the other multilateral development banks to come up with an approach to funding the goals.

Now, there are 17 goals and 169 targets, so it's a huge, really trillion-dollar-a-year agenda, and so among the things we looked at is where can we—where should we look to increase revenue to support the development agenda.

The first was improve domestic resource mobilization, improve taxes in countries. Many developing countries have tax systems that are inefficient, but more importantly, that are not fair, that are regressive, where poor people pay taxes, wealthy people don't pay taxes. And so making tax systems fairer is something that we've committed to. Christine Lagarde, at the IMF, and I have pledged to provide every country in the world direct technical support from us jointly to improve domestic resource mobilization. Now, that also includes, of course, collecting the fair share of taxes from corporations. But leaders like President Mahama and others have pointed out that Africa suffers from illicit financial flows, and this is everything from elites and others who literally steal money and take it out of the country to companies that are not paying their fair share of taxes.

Now, this is going to require global coordination, but I think with the so-called BEPS report, Base Erosion and Profit Shifting report, what we have committed to is continuing to increase the transparency so that there are no longer safe havens where stolen money can be parked, but also transparency around who is paying taxes where. We really need to get that right. The transfer pricing problem you've talked about is a very real one.

Now, I think what you see is in the major, for example, mining companies—Rio Tinto, Anglo-they have been very forward-looking and have published, in a very transparent way, what taxes they are paying and where, but I think we need all companies and corporations to do that. The commitment has to be, if you're making money in a country, you should pay your fair share of taxes.
And what we found is that if we just take action on improved and fair, more just, more efficient tax systems and stopping the flows, illicit financial flows, that that's a much, much bigger number than foreign assistance. We think that 2 to 4 percent of GDP could be raised by just improving tax systems.

And so we are very committed to going down that path. I think all of the leaders in the world are committed to going down that path. Prime Minister Cameron has specifically made tax transparency a major issue for him. So our hope is that we make progress. It will be difficult, but I think that transparency is a trend that just is not going to be turned around, and that will help.