

Speech by World Bank Group President Jim Yong Kim: “Tackling the Most Difficult Problems: Infrastructure, Ebola and Climate Change”

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Chairman Pruaitch, Madame Lagarde, Governors, my friends Jim and Elaine Wolfensohn, Mrs. Robert McNamara, partners, and friends:

It is wonderful to see you again.

First, I'd like to congratulate the winners of the Nobel Peace Prize, Malala Yousafzai and Kailash Satyarthi. Just one year ago, Malala and I sat together on a stage at the World Bank. She is an inspiration to all of us, and gives us hope for the new generation – especially the new generation of girls.

When we were together last year, I spoke at length about the World Bank Group's plans for its most significant reorganization in nearly two decades. Our goal was to ensure that we were fit for the purpose of meeting our twin goals: ending extreme poverty by 2030, and boosting shared prosperity for the poorest 40 percent in developing countries.

During the last year, our reorganization has been a monumental undertaking. The World Bank Group has more than 16,000 staff, and about 7,000 of them have been transferred or remapped to new jobs. We have offices in more than 100 countries. And we made loans

and investments last year totaling more than \$60 billion dollars. The reorganization was launched with a clear purpose: We needed to be the best in the world at collecting and sharing development knowledge for the benefit of all our clients.

Starting in July, we set up 19 different communities of experts – groups of some of the best development professionals in the world on water, finance, education, and climate, among many others. Their job is to seek out the best solutions to the most difficult development problems, and to share those solutions with our clients in a way that will further our mission to end poverty and boost shared prosperity.

At the same time, we knew that we needed to substantially increase our ability to provide financing, risk management products, and other financial services, to middle-income countries. Through the creative and intense work of our finance group, brilliantly led by Bertrand Badré, we have increased our annual lending capacity for these emerging economies, from \$15 billion dollars to more than \$25 billion per year. This flexibility will help us direct more resources to the areas that need them most – sub-Saharan Africa and South Asia, which is where most of the world's poorest people live.

Economic growth is the most powerful tool we have to end poverty, yet without infrastructure – electricity, water, and roads – growth will never take off. As I will explain, the world's deficit of these building blocks for growth is substantial. Just think about the fact that sub-Saharan Africa generates as much power in a year as Spain. If we are to end poverty, we need to power Africa.

The World Bank Group's financing for infrastructure reached \$24 billion dollars in fiscal year 2014 – nearly 40 percent of our total commitments. But our loans and projects will fall far short of what the developing world needs. The infrastructure gap is simply enormous – an estimated \$1 trillion to \$1.5 trillion dollars more is needed each year. To fill this gap, we need to tap into the trillions of dollars held by institutional investors – most of which is sitting on the sidelines – and direct those assets into projects that will have great benefit for a range of developing countries.

Today, the developing world spends about \$1 trillion dollars on infrastructure, and only a small share of those projects involve private actors. Overall, private investments and public-private partnerships in developing countries totaled \$150 billion dollars in 2013, down from \$186 billion dollars in 2012. So it will take the commitment of all of us to help low- and middle-income countries bridge the massive infrastructure divide.

Yesterday, we announced the creation of the Global Infrastructure Facility, which is designed to attract financing for these states' infrastructure needs. This platform, called the GIF, will bring together institutional investors, development banks, and public officials to tackle the infrastructure deficit in new and creative ways. Together, they will create a robust pipeline of infrastructure projects for emerging markets and poor countries.

While building infrastructure will help us promote growth in the long run, ending poverty by 2030 also requires us to be vigilant against threats to the growth of the global economy. In a world where natural disasters, conflict, financial shocks and epidemics are becoming more frequent and destructive, we at the World Bank Group must do everything we can to become even more relevant. Indeed, we've been fully engaged lately in fighting two of these global threats: the Ebola epidemic and climate change. This is no accident. It exemplifies what we want to become – an indispensable partner for both low- and middle-income countries in their efforts to solve their most difficult challenges.

Ebola and climate change have a few things in common. Most importantly, we are running out of time to find solutions to both. Also, until very recently, the plans to fight them were either non-existent or inadequate. And, inaction is literally killing people – one because of the rapid spread of a deadly virus, the other from the poisoning of the atmosphere and the oceans. And finally, perhaps most critically from our point of view, resolving these problems is essential to development, whether from the perspective of human suffering, economic growth, or public health.

In our work on both Ebola and climate, we have not only been in the middle of pressing global concerns, we also have been working differently, and more effectively, at least partly because our reorganization and focus on innovation has made us more fit for purpose.

For Ebola, the global response has been late, inadequate and slow. Recently, the international community has made positive strides in its response, led by the United States and the United Kingdom, as well as international institutions like the United Nations and the International Monetary Fund.

Nonetheless, we still can do much more. Close to a year ago, just weeks after Typhoon Haiyan caused major destruction and loss of lives in the Philippines, 150 medical response teams – each with 25 to 30 people – had been deployed to the archipelago's hardest-hit areas. But in Guinea, Liberia and Sierra Leone, the three West African countries hit hardest by the Ebola outbreak, just 30 medical response teams are on the ground, treating and

caring for patients – even though we are now 11 months into this crisis. More health workers have been promised, but they're arriving too slowly.

The Ebola outbreak poses one of the most complex and difficult challenges that I've seen in all my years as an infectious disease physician. Because of the poverty in the three most affected countries, it exceeds the capacity of their emergency, health and fiscal resources. Faced with these conditions, we must guard against approaches that are based on aspirations for these countries and the poor that are too low to treat and contain the epidemic.

Usually, the World Bank Group has worked in the medium- to long-term on development projects and helping clients build the systems necessary to promote economic growth, create jobs, educate children, and improve health. To combat Ebola, we needed to move to an emergency footing and quickly.

We looked across the entire Bank and brought the institution's full firepower to bear against the virus. We've sent capital, shared knowledge, helped develop response strategies, and analyzed the potential economic impact.

In the three African countries, our teams for months have worked closely with the governments to identify priority actions, ensure disbursement of funds, and assist in organizing major shipments of supplies. From Washington, scores of staff from our Africa region; the health, nutrition and population global practice; development finance and development economics management units; and the International Finance Corporation, came together to work as one team. They have worked on contracts with the countries so they can quickly accept our grants; economic impact analyses; and longer-range planning to rebuild the countries' health systems once the crisis is over. To smooth coordination, members of my office have worked out of the United Nations Ebola response headquarters.

The stakes of this effort in human lives and economic growth are incredibly high and grow higher every day we delay in ramping up our response. For this reason, I have spent a lot of time over the last two months working with Bank colleagues to stop the virus. I have been in frequent contact with Presidents Condé, Johnson Sirleaf, and Koroma to understand how the Bank can help them on the front lines. I have also reached out to leaders from all over Africa and donor nations, to relay the most important message: We must do all we can to stop Ebola, and we must act now because delay exponentially raises the human and economic cost of stopping the epidemic.

So, once engaged, we've moved with creativity, speed and purpose. We innovated, using IDA's Crisis Response Window as a source of funding – something that had never been done before in these circumstances. It took our teams nine days to work out multiple complicated negotiations with country officials in order to disburse \$105 million dollars in emergency funds – a time frame unheard of in our institution. Working around the clock, our economists ran sophisticated modeling that, in only a few weeks, produced impact assessments from Ebola in the three countries and the region. Their assessment is grim: The economic impact of Ebola on West Africa could be as high as \$32.6 billion dollars over the next two years. I'd like to thank the strong leadership of Sri Mulyani Indrawati, Makhtar Diop, Joachim von Amsberg, and, especially, Timothy Evans.

Even as we focus intensely on the emergency response, we must also plan for the next epidemic, which could spread much more quickly, kill even more people, and potentially devastate the global economy. The world has an IMF to coordinate and work with central banks and ministries to respond to financial crises. When it comes to health emergencies, however, our institutional toolbox is empty: There's no such center of knowledge and skill for response and coordination.

So, in the last week or two, our finance teams have proposed several solutions that would address the financial part of this problem, including a new pandemic emergency facility that could disburse money immediately to countries in the face of an outbreak. Such a device would pre-package a response, establishing contingent funding agreements with donors and receipt mechanisms for possible recipients. So when a global health emergency is declared, financial support would be readily available and flow quickly to support an immediate response. With the support of our shareholders, we would like to develop this proposal with our partners at the United Nations, the IMF and regional development banks. Whatever form this instrument takes, having such a resource would force us to have concrete plans to tackle the next outbreak and may even provide an advance market signal for producers of vaccines and drugs.

What we've done on Ebola to date has been heavily informed by our focus over the last two years on climate change. Soon after I started at the World Bank, I asked my team a simple question: What's the plan to fight climate change? The responses received from our staff and even from leaders in the climate change community were mostly tactical: new technologies here, some efficiencies there. While important, they were not equal to the challenge of keeping a global increase in temperature below 2 degrees Celsius. So, working

with others, we developed our own strategy that we hoped could take us a long way toward achieving this objective.

Our plan had five parts: Put a price on carbon; eliminate fossil fuel subsidies; build cleaner cities, increase climate-smart agricultural practices, and invest in renewable sources of energy. Getting something done on even one of these priorities required intense focus. In advance of the recent UN Climate Summit, I again asked my team some questions: What is the smallest number of the most important things we can do for the summit, and what are they? I didn't want them to focus on all the things we need to do; I wanted them to focus on a few essential things that we might be able to push forward.

They told me the most important thing to do immediately was put a price on carbon. On its own, this step would not achieve our goal of staying below a 2-degree Celsius world; however, without it, limiting global emissions would take much longer. So we decided to mount a campaign: Set a goal of 50 countries and hundreds of companies and investors to agree to put a price on carbon, and then present the accord to heads of state at the UN summit.

Our climate team, led by Rachel Kyte, which includes staff from both the Bank and IFC, assembled a detailed campaign plan. They reached out first to nearly every World Bank country office to enlist support for a carbon pricing agreement from governments and companies. We contacted the UN Secretary-General's office, and worked closely with the Deputy Secretary-General and the special UN climate envoys in this effort. Together with private sector groups we built an extraordinary coalition.

At the start of the campaign, we counted 22 countries that would support this goal. With lobbying, the number kept climbing. Less than a week before the deadline, China, the world's largest emitter of carbon dioxide, agreed to support carbon pricing. It became the 54th country to endorse the statement. In the four days before the summit, 20 more countries signed on. At the time of the announcement, 74 governments and more than 1,000 companies and investors had agreed to put a price on carbon. Together, the countries account for up to 54 percent of the world's carbon emissions, 52 percent of the world's GDP, and nearly 50 percent of the world's population.

Later today, Ministers, CEOs and the World Bank Climate Group will join me to turn this pledge into action.

During all of our efforts on infrastructure, Ebola and climate change, teams from across the institution worked collaboratively and displayed an inspiring commitment to innovation. I'm so proud of them. Their efforts displayed creativity, knowledge, skill, intensity, passion and selflessness. Their sharing of ideas and best practices is precisely the culture we want to create at the World Bank Group. I'm sure that the fruits of their labors will save lives, promote economic growth, reduce poverty, and protect the planet for future generations.

When I think of our teams' breakthroughs on these three issues of global importance, and when I think of my talented colleagues, I see the future of the World Bank Group. Working with both the public and private sectors, we are trying to solve some of the most difficult problems in the world today, in a way that reflects what we know we can be when we are at our best – a truly one World Bank Group team.

We must maintain this commitment because increasing global fragility and volatility will challenge us more and more every day. In our march to end extreme poverty – conflict, typhoons, floods, droughts, financial shocks and epidemics may, at times, slow us. But they will not stop us. The Bank will be aggressive and creative and apply large-scale solutions to help states manage, prepare for, recover from and conquer these risks, so they can grow and flourish.

Ultimately, we will face these challenges together.

We will end poverty by 2030.

We will ensure that prosperity is shared among nations and all people.

And we will protect the planet for future generations.

Thank you very much.