

# Speech by World Bank Group President Jim Yong Kim at Council on Foreign Relations: 'Count on Us'

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World Bank Group President Jim Yong Kim  
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## As Prepared for Delivery

Thank you, Michelle, for that kind introduction, and thanks also to our host, the Council on Foreign Relations, for inviting me today to deliver the David A. Morse Lecture. I am honored to be here and I'd like to use this opportunity to talk about some fundamental issues in global development and the World Bank Group's role in helping countries and the private sector meet those great challenges ahead.

For a very long time, the rich have known to some extent how the poor around the world live. What's new in today's world is that the best-kept secret from the poor, namely, how the rich live, is now out. Through the village television, the Internet and hand-held instruments, which a rapidly increasing number of the poor possess, life-styles of the rich and the middle class -- about which they earlier had only foggy ideas -- are transmitted in full color to their homes every day. **And that has made all the difference.**

The political turbulence we're seeing all around the world has varied proximate causes, but a lot of it's fundamentally rooted in this one new feature of today's world. The question that nearly everyone who lives in the developing world is asking themselves is how can they and their children have the economic opportunity that so many others in the world enjoy? **Everyone knows how everyone else lives.**

Last year, when I traveled with President Evo Morales to a Bolivian village 14,000 feet above sea level, to play soccer of all things, villagers snapped pictures on their smart phones of our arrival. When I visited a neighborhood in Uttar Pradesh, the state in India with the highest number of poor people, I found Indians watching Korean soap operas on their smart phones. It's not a great mystery why everyone wants more opportunity for themselves and especially for their children.

We live in an unequal world. The gaps between the rich and poor are as obvious here in Washington, D.C., as they are in any capital. Yet, those excluded from economic progress remain largely invisible to many of us in the rich world. **In the words of Pope Francis**, and I quote, "That homeless people freeze to death on the street is not news. But a drop ... in the stock market is a tragedy."

**While we in the rich world may be blind to the suffering of the poor, the poor throughout the world are very much aware of how the rich live.** And they have shown they are willing to take action.

We must not remain voluntarily blind to the impact of economic choices on the poor and vulnerable – not only because of the moral argument of treating your neighbor with dignity but also because of the economic argument that when growth includes women, young people, and the poor, we all benefit. **Inequalities hurt everyone.** Women's low economic participation creates income losses of 27 percent in the Middle East and North Africa. Inclusive growth, in contrast, builds a stronger, more robust social contract between people and their government – and builds stronger economies. If we raised women's employment to the levels of men, for instance, average income would rise by 19 percent in South Asia and 14 percent in Latin America.

One year ago, the Governors of the World Bank Group endorsed two new goals – first, that we will commit our energies to end extreme poverty by 2030. People in extreme poverty live on less than a dollar and a quarter a day – less than the coins that many of us empty from our pockets each night. And yet more than a billion people in middle-income and poor countries today survive on less than that.

The second goal endorsed by our Governors is that we will work to ensure that the benefits of prosperity are shared by the bottom 40 percent of people in developing countries. But we know, that even if countries grow at the same rates as over the past 20 years, if the income

distribution remains the same, world poverty will fall to only 7.7 percent in 2030 – from 17.7 percent globally in 2010.\* In the past 20 years, the world was able to lift roughly **35 million people** out of extreme poverty each year on average. But if we are going to reach our goal of ending extreme poverty by 2030, we need to help **50 million people** a year raise themselves out of poverty.

We know that the fundamental problems of the world today affect not millions, but billions of us. Nearly 2 billion people lack access to energy. An estimated two-and-a-half billion people lack access to basic financial services. And all of us -- **all 7 billion of us** -- face an impending disaster from climate change **if we do not act today with a plan equal to the challenge.**

Martin Luther King once said, “The arc of the moral universe is long, but it bends towards justice.” Today we must ask ourselves whether we, like Dr. King did in his life, are doing all we can to **forcefully bend** the arc of history toward justice, toward helping lift more than a billion people out of the devastation of extreme poverty. I am now 21 months into my tenure as president of the World Bank Group and I ask myself this question every day.

Just three months after I started, we defined ourselves as a “Solutions Bank” that will marshal our vast reserves of evidence and experiential knowledge and apply them to local problems. A **year** into my job, the Board endorsed our twin goals, and **just six months ago**, the Board endorsed our strategy, aligning our operations to meet the goals. Since then, we have made substantial changes, and we are well on our way to becoming the Solutions Bank we envisioned to help our clients tackle the toughest challenges to meet the twin goals.

You know, I feel fortunate that I work in an institution that has so much intellectual depth – nearly 1000 economists and 2000 PhDs ...and those PhDs will have at least 4,000 points of view on any given issue. In my time at the World Bank Group, you can imagine that I’ve had no shortage of pointed advice from my staff.

Their passion and insight remind me on a daily basis that our people care deeply about their mission. We recently took a survey of staff and one result was especially encouraging: 90 percent said they were proud to work at the World Bank Group. Now our responsibility is to build an institution that takes all that experience, talent and knowledge and makes it user friendly to any country or company that needs it.

We need to work differently in order to reflect one of the indisputable new realities in the world -- governments and companies can turn to many places for financing and knowledge. Our comparative advantage has to be so clear that countries, companies, and other partners will seek us out for the best on-the-ground experience and advice available anywhere. We now will work more cohesively across our institution -- so that staff in the Bank who work in the public sector, staff in IFC, who work in the private sector, and staff in MIGA, who provide risk insurance and guarantees, will bring their collective experience together to better serve our clients.

We've also created what we call "global practices," which will become communities of experts in 14 areas, such as water, health, finance, agriculture, and energy. In the next few days, we'll be announcing most of the heads of these practices.

Imagine what it would be like **if I were naming you** as the senior director of our water practice. You would be responsible for designing investments in water and sanitation so that girls, for example, aren't walking miles every morning to the nearest river for cooking and cleaning instead of going to school. Soon, you would have around 200 water experts on your team. You and your management team would look across our water projects in the world and deploy these experts to Bangladesh, Peru, China, or Angola, for instance, making choices to move holders of particular knowledge to specific countries to address a local problem. Your task, more than anything else, would be to deliver solutions. You would be expected to find the best approaches in water and sanitation that will help millions of poor people lift themselves out of poverty. In my opinion, you and your 200 experts would have the best jobs in the world in your field.

Our entire leadership at the World Bank Group, including the heads of global practices, will be responsible for spreading knowledge and then scaling up successful programs -- what we have called a "science of delivery." Delivery is about ensuring that the intended results reach the intended beneficiaries at or near the expected cost. In order to deliver at scale, we need to curate knowledge, excel at problem solving, deal with complex systems, address social goals, and measure effectiveness. If we can deliver on our promises, we will have a transformational impact on the world.

The world's development needs, of course, far outstrip the World Bank Group's abilities to address them. But we can do much, much more. In order to meet the increased demand that we are expecting as we get better at delivering knowledge and solutions to our clients, we're strengthening our financial capability to scale up our revenue and stretch our capital.

I'm very pleased to announce today that with the support of our Board, we now have the capacity to nearly double our annual lending to middle-income countries from \$15 billion to as much as \$28 billion dollars a year. This means that the World Bank's lending capacity – or the amount of loans we can carry on our balance sheet -- will increase by \$100 billion dollars in the next decade, to roughly \$300 billion dollars. This is in addition to the largest replenishment in history of IDA, our fund for the poorest countries, with nearly \$52 billion dollars in grants and concessional loans.

At the same time, we are also increasing our direct support to the private sector. MIGA is planning to increase its new guarantees by nearly 50 percent over the next four years. IFC expects it will nearly double its portfolio over the next decade to \$90 billion. In 10 years, we believe IFC's annual new commitments will increase to \$26 billion dollars.

Taken as a whole, the World Bank Group's annual commitment, which today is around \$45 to \$50 billion dollars, is expected to grow to more than \$70 billion in the coming years. This increased financial firepower represents unprecedented growth for the World Bank Group. We are now in a position to mobilize and leverage, in total, hundreds of billions of dollars annually in the years ahead.

At the same time, as a matter of integrity we needed to look inside our institution and identify savings. Almost every large organization can become more efficient. We announced a goal of saving \$400 million dollars in the next three years, and in the days ahead we will give details about the majority of those savings, which we will then reinvest in countries. I believe we must get leaner in order to get bigger.

In the coming years, what will we be doing? We will follow the evidence and **we will be bold**. The fact is that two-thirds of the world's extreme poor are concentrated in just five countries – India, China, Nigeria, Bangladesh, and the Democratic Republic of Congo. If you add another five countries – Indonesia, Pakistan, Tanzania, Ethiopia, and Kenya – the total grows to 80 percent of the extreme poor. Expect us to focus on these countries. But we will not ignore the others. We will have a strategy that ensures no country is left behind as we move toward the target in 2030.

So how will we be bold?

Well, one example is in China, where last week we launched our report with the government on the future of China's cities. This report included the work of more than 100 World Bank Group staff and has already spurred China to make policy decisions that address critical

development and urbanization challenges, including green growth, pollution, and land rights for farmers. This report will help China shift its focus from the quantity of growth to the quality of growth in order to improve the lives of its citizens. We hope these lessons from China will benefit cities around the world.

A second example is our work on the Inga hydroelectric project. Just two weeks ago, our Board approved a \$73 million dollar grant to the Democratic Republic of Congo. Grand Inga could be the world's largest hydropower site, generating more 40 gigawatts of power, which is equal to a half of all the installed capacity of all of sub-Saharan Africa today.

Moreover, it would prevent the emission of 8 billion tons of carbon over 30 years if coal was used to generate the same amount of power. **We need this power desperately in Africa;** today the combined energy usage of the billion people who live in the entire continent of Africa equals what Belgium offers to its 11 million residents. **This is a form of energy apartheid** that we must tackle if we are serious about helping African countries grow and create opportunities for all Africans.

A third example of being bold is our work in supporting conditional cash transfer programs. These programs provide monthly payments to poor families if, for example, they send their children to school or go to the doctor for a check-up. The results have been astounding. Before conditional cash transfer programs, school attendance by poor children in parts of Cambodia was 60 percent; today, after the program started, nearly 90 percent of the children attended school. In Tanzania, along with the country leaders and the United Nations, we have decided to greatly expand the conditional cash transfer program, which was started in 2010 for 20,000 households. By the middle of next year, we estimate it will reach 1 million households – covering 5 to 6 million of the country's poorest people. This is what we mean by identifying successful programs, working with partners, and taking transformational solutions to scale.

This is the path we are taking in order to serve countries better. The World Bank Group is committed to working in more effective ways with key partners and stakeholders, including those in civil society and the private sector. We need partnerships, strong global institutions, a vibrant private sector and committed political leaders. Most important of all, we need to unite people around the world in a global movement to end poverty.

As a physician, health activist and later health policymaker, I had the privilege to be part of the international HIV/AIDS movement that emerged in the 1990s. The AIDS fight is a story

of vast human suffering—but it's also one of history's most inspiring examples of successful global mobilization to reach shared goals.

When HIV treatment appeared in the late 1990s, organizations reached across borders to build a genuinely global AIDS movement, committed to making treatment available to everyone. The **200-fold expansion in access to AIDS treatment** in developing countries over the last decade is the fruit of this movement. Millions of lives have been saved, and millions of children still have a mother and a father.

Social movements can produce solutions to problems that appear insurmountable. We need to take the lessons from such efforts and apply them to nurturing a movement around today's great challenges: **ending poverty ... boosting shared prosperity** ... and **ensuring that our economic progress does not irreparably compromise our children's future because of climate change**.

Last fall, I had the opportunity to discuss these issues with Pope Francis. When I described our commitment to build a global movement to end extreme poverty by 2030, the Pope answered simply, "*Cuenta conmigo*." Count on me. **With leaders like Pope Francis, a global movement to end poverty in our lifetime is possible.**

All parts of our global society must unite to translate the vision of a more just, sustainable economy into the resolute action that will be our legacy to the future. In global institutions, governments, companies, and communities around the world, people have begun to work to make the vision real. To all those people, to all of you, I say: **We stand with you.**

**We are ready.** *Cuenten con nosotros*. You can count on us.

Thank you very much.

\*Those living in extreme poverty were estimated at 21 percent in the developing world, and 17.7 percent globally in 2010.