

Jim: Good afternoon everybody. It's a wonderful honor to be here. Thank you Anne for that great introduction.

I just want you to know, it's a true pleasure to be here at the U.S. Global Leadership Coalition's annual conference. I accepted the invitation to speak at this year's conference because of the critical roles that so many of you play in improving the lives of the poorest people in the world.

This conference draws together one of the most diverse coalitions in the national policy arena. From leader in the business, NGO, and faith-based communities to scholars and national security experts. You have the breadth and depth of experience needed to tackle conflicts and challenges. The challenges are daunting, indeed, but today, and really I want to stress this, for the first time in human history, we have an opportunity.

Anne mentioned that we have two goals, and it took a lot of work and time to get our board of governors...And the board of governors of the World Bank Group are development ministers, but mostly ministers of finance from 187 different countries. And so for this particular group, who is in charge of very practical decisions like how to organize a budget, and how to make sure that their own countries are growing economically. These really busy people came together to and gave us a great gift. And the gift was these two goals.

The first is to end poverty by 2030 and what we mean by that is that we want to get the rates of poverty down below three percent. The reason we picked that three percent number is that we looked and looked and looked at what we think is going to happen naturally. If we keep it more or less the same rates of growth, the projection is that we'll be to between six and nine percent poverty by 2030.

We looked hard at that and the reason that the rate of reduction of poverty would slow down a little bit is because many of the low hanging fruit have been picked. So much of the success over the last couple of decades has been as the result of China's rapid economic growth. The Chinese lifted 600 million people out of poverty which has never been done before. This is the first time in human history.

Now, we have South Asia, we have subs here in Africa. We have many of the co-called fragile and conflict affected states left. To get the poverty rate below three percent is going to be a huge task. We refer to it as trying to bend the arc of history by actually pulling that poverty rate down below three percent. Once it gets to three percent, it's fairly clear that the nature of the struggle against poverty will change. In other words, a major structural investments, the growth of the private sector, these are all going to be critical for bringing poverty down. At three percent, it's going to be really what the economist call frictional

poverty, poverty that happens as a result of extreme weather events for example. Poverty that happens as a result of disasters. Poverty that happens as a result of famine. Things are difficult to control and it will have to respond to on a case by case basis. We think we can bring it down below three percent.

The other goal is to boost the incomes of the bottom 40%. This is the first time in history that the World Bank group is going to publish every single year, the extent to which the bottom 40% of any country is participating in economic growth.

Now, there's two messages here. The first, is that economic growth is critical and economic growth specially in the private sector is critical. On the other hand, what we know and the events of the last few weeks have made it even clear. What we know is that if you don't include the bottom 40%, if you don't include women, if you don't include young people, is that economic growth, you are building instability into your society. Even countries that have been doing so well in terms of sharing the fruits of growth like Brazil, are now experiencing demonstrations that I don't think will go away. What did we learn from the Arab spring? You can have growth in your GDP but if it's not inclusive and if it's not inclusive specially of young people, you're going to have these kinds of demonstrations.

Because now, one of the great things about the new age is that people will be heard. People will make their voices heard. End of extreme poverty, boost shared prosperity.

Moreover, when we talk about boosting shared prosperity, we're talking specifically about sharing prosperity with future generations. Many of you may know, we've made a tremendous effort over the past year to increase the World Bank group's commitment to tackling climate change. We think this is absolutely a critical part of trying to fight extreme poverty. There's no way that we will be able to end extreme poverty unless we tackle climate change.

Let me just give you a little bit of perception. First of all, so many of you in this room have fought hard for increases in foreign assistance and I can't thank you enough for having done that. It's critical. Foreign assistance is absolutely critical. Has made a huge difference in the world. Anyone who doubts that, please come talk to me and anyone who's been the beneficiary of foreign assistance for such a long time.

If you look at the numbers today, total official development assistance, the total package is about \$125 billion. Now, that \$125 billion is critical but look at it compared to the needs in the world today. In Africa alone, every year, there's

about \$95 billion a year need for funding for infrastructure and that stops here in Africa by itself.

When people, friends from my past life of working in some of the smallest communities. When they ask me why is it that you're talking so much about the private sector? I say to them, it has nothing with whether or not I like or don't like the private sector, whether anyone likes or doesn't like the private sector. Fundamentally, it has to do with your aspirations for poor people.

If you think that all of development assistance is how we divide up ODA, then poor people are in big trouble. A hundred and twenty five billion dollars is so critical because that money is going to pay for the kind of investments that no other source of financing will pay for it. We need it and we need it to grow and we need your help in making sure it grows.

What we also need to do is to make sure that every penny of foreign assistance, every penny of ODA that exists is used to leverage first domestic resources. Many countries are getting better at collecting taxes and having a real foundation for making own investments in infrastructure. Even more importantly, we've got to find a way of leveraging these precious ODA dollars to leverage private sector investment.

We're trying to do that very directly within the World Bank group, someone of you may know, we call it the World Bank group because there's one part, the public sector part, IBRD, the original International International Bank for Reconstruction and development which is our so called market rate lending to lots of middle income countries, mostly middle income countries. We have our concessional loan window, IDA, the International Development Association that provides zero interest rates and grants to the poorest countries.

We also have IFC, the International Finance Corporation, our private sector and it started from a relatively small operation to know it's about \$20 billion a year operation which is 40% of our overall operation.

We also have another group called MIGA, the Multilateral Investment Guarantee Agency that provides political risk insurance for investors who are investing even in the most fragile countries. Just to give you a sense of how we're doing that. IFC, the International Finance Corporation makes equity investments directly into some of the poorest countries in the world and over the last 15 years, including over the last five years, the average internal rate of return on our equity investments has been 20%.

We have been able to make a good return on our equity investments while at the same time advancing the development aims of the countries, the company's, the regions that we invest in and this is going to be the key to ending poverty.

Now, you might say, "What about countries like Liberia?" Here's a country, a small country racked with a long history, decades of war. I had a long conversation with President Ellen Johnson Sirleaf when I was in Tokyo for the Tokyo International Conference on African development. That meeting itself was really quite striking. We had 50 heads of state from Africa together with the prime minister of Japan and we spent three days together talking about what's going on in Africa.

Interestingly, as they were walking through the door, my vice president for Africa said to me, it's amazing because the last Tokyo International Conference in African development was five years ago in 2008 and in 2008, everyone was saying to themselves in the developed world, "Oh my goodness. The financial crisis. What is going to happen to Africa?" These countries are going to be in such trouble but as they were walking through the door in 2013, average rate of growth over the last five years was over five percent. Not a single African country was experiencing hyper-inflation. Their debt to GDP ratio was a lot better than a lot of countries in Europe. They were confident as they walked in the door.

Ellen Johnson Sirleaf said to me, "We need energy." She had been in power for about seven years but she said we have been out of war for over a decade and still, to this day, we have 21 megawatts of installed capacity, about enough for a couple of city blocks here in Washington D.C. She said, if we don't have energy, we're not going to get the private sector investment we need and we're not going to be able to create the jobs that I desperately need for my young people.

Some of them, she said, I have young men who are over 30 years old who've done nothing their entire lives except be soldiers. What do I do with those young men to ensure that they don't pick up their arms again. What they need is energy, private sector investment and jobs. And so we now are doing our best to move quickly and increase a really pitiful amount of energy. And moreover, let me tell you, not only does she only have 21 megawatts installed at capacity, she pays 54 cents a kilowatt per hour. That's 4 or 5 times what we pay here in Washington, D.C. So, the message from the African leaders was clear. Yes, we need your aid, but please, when you come to our countries, listen to your priorities. What we want is strategic investments that lead to your ability to use whatever tax base we have to build, for example, a healthcare system that's better going to sustain themselves because people have jobs and can better participate in insurance programs. More than anything else, we need jobs. We

need jobs, and we need, in many cases, to keep former combatants off the battlefield.

Now, so that's one part of my message. We need private sector investment. We need to do this in close cooperation and every single dollar of official development assistance that's going on into these countries.

The second thing that I'd like to raise though to you is that when it comes to issues like ending poverty and battling climate change, we need social movements.

I've had the great good fortune of being part of some social movements. Let me just tell you about one and why I think that a truly well thought out rigorous committed social movement has the greatest capacity to transform the world and help us reach our aspirations around things like poverty and battling climate change.

We all know that the last decade in the AIDS world has just seen a unbelievable transformation. In ten years, from about 50,000 people on treatment in developing countries to over 9 million today. Nine million people who have had been dead. Now, what would happen to the African economy if those eight million people or so in Africa were dead? What would have happened if no one was getting tested? What would have happened for people living with HIV that was no hope?

I actually think the economic performance would not have been as good and that we would have been wondering, my goodness, what did we just let happen? Now, this has happened. I want to tell you a little bit about the story of how it happened. It was a small group of committed souls who made this happen. It was people who are willing to risk their lives, going to the National Institutes of Health for example, throw blood on researchers and say, "You need to focus on AIDS research." That happened. They said, "One we have promising molecules, we need to make sure that it moves quickly from research laboratories into private sector companies." Once promising molecules were coming out of the private sector companies, they worked to reduce the time it takes to get a drug through the food and drug administration from 27 months, that's the fast track, to six months. This was done by people who had no specialization in those areas.

One of the people, Mark Harrington, a very good friend of mine. He was a very smart guy, graduated from Harvard. Was involved in Act Up, the movement to tackle HIV. He became an expert on the Food and Drug Administration, found out about all their rules and regulations because he knew that in order for him and his friends to live, they needed to shrink the number of months it took to get a drug through the FDA.

After that, after the drugs cut through the FDA then they started saying, "Now that we have these drugs, we're not going to let them only be available for people who have money. Now we're going to work on making sure that everyone in the world has access to these drugs." Everything from having [message 00:25:03] frontier, reduce their first prices. President Clinton and the Clinton Global Initiative brought the price down to \$70 a year for HIV drugs.

The point is that with the public sector, with activists, with the private sector. All of them brought together, went from a brand new disease in 1981 to effective treatment in 96 and today in 2013, treatment for nine people in the poorest countries in the world. One of the most effective social movements ever.

When I talk to people about poverty or climate change, I keep asking the question, have we done all the work we need to build a social movement that will stretch across the entire value chain to use to a word from business that we need to tackle in order to get the results we want. I would argue and I think most people would agree that today we don't have that for climate change and we don't have that yet for ending poverty.

For the NGO representatives in the room, what would it take to build a movement to end poverty? What would it take to build a movement to tackle climate change so we have any hope of ending poverty?

I'm here today to give you my personal message of enormous optimism of hope that we can actually make it happen. Today and perhaps right at this moment, President Obama is giving a speech on U.S. efforts to tackle climate change.

We have the declaration of 188 ministers of finance, the ministers of development that we are going to end poverty. That we're going to put everything we have to ending poverty on this earth in a generation by 2030.

The only way that that will happen is if we all get past the suspicions we have of each other. One of the most important things that I've tried to communicate to my team is that we are one small part of a much bigger plan to tackle poverty, to tackle climate change, to boost shared prosperity to 40 percent. And we've got to find ways to work together

Just a couple of months ago, I went to the Great Lakes Region. We visited the Democratic Republic of Congo, Rwanda, Uganda, and it was led by the Secretary-General of the United Nations and me. And I didn't know this, but the Secretary-General told me that our trip together was the first time in history the Secretary-General of the United Nations and President of World Bank went on a mission together. And I said, "But I've seen pictures of them together before." Turns out

that when disasters happen, they happen to show up at the same place and take pictures together, but they never went on missions together because to go on mission together, you've got to negotiate who's going where, who's going to take the first picture. All of those kinds of things. And it's been so hard over such a long time that no one has done it. And so both the Secretary- General and I gave instructions to our team to just lose arguments. Lose more arguments than you are used to. And we got it done. And we were able to put \$1 billion additional on the table. The Secretary-General was able to reinforce the peacekeeping framework that he had established many months before. It was so helpful, we're going to do it again and again.

I remember what it was like on the ground when I was one of the mice, when the elephants were fighting with each other, when the UN and the World Bank didn't work so well together and you can extend that all when NGOs and the private sector were fighting. Look, we have a chance to eliminate poverty from the face of the earth. Extreme poverty from the face of the earth in a generation.

I hope that all of you in this room today will commit to that in whatever day that you can contribute. Think about what it will be like. For me, it's very real. I'm very involved ... the World Bank is involved in energy, agriculture, so many other things. For me, specifically, the climate change issue is very, very real. I can just hear my 13 year old and four year old son in about 20 years when they're living in a two degree Celsius warmer world where there are water fights and food fights everyday, where there are extreme weather events happening all over the world on a regular basis. In that time, my kids are going to look at me and say, "Dad, what the hell were you doing when you're the president of the World Bank?" By that time, if the number of people living in absolute poverty increases, they're going to ask me even harder questions.

We have a chance. We have a chance to live something for our children and for our grandchildren that will be truly inspiring but it won't happen unless everyone in this room decides today that the ultimate goal is more important than raising the flag for our single organizations.

Thank you very much.

(applause)

Norm: [Clapping] Dr Kim, I think I can speak for all of us in thanking you not only for being here but for giving a talk that was both inspirational and straight, no platitudes, which we sometimes get. I can't resist asking you, to start with, my favorite definition of a university president came from a former president of the University of Pennsylvania that it's like being a caretaker in a cemetery, there are lots of people underneath you but nobody listens...

Norm: Exactly, yeah. [Laughing]

Jim: And...

Jim: There are more that I can't tell you.

Norm: Yes, I know. [Laughs]

Jim: I'm sorry.

Norm: Some you can't say in polite company. How did your experience at Dartmouth help you prepare for this job and is it more challenging to deal with faculty and trustees than it is with a 188 ministers of finance and development?

Jim: Norm, you're very famous for the way that you ask questions and you asked me a question that I can't possibly come out alive from. I'm going to offend... let me put it this way, Dartmouth is one of the great institutions in the United States and in the world but it's true, we have fought long and hard to have a 10-year process that gives university professors complete freedom. You're literally in a situation where you are the president but you can't fire a whole bunch of your, of the people that work for you and they can fire you. What you learn is that your tool, really, is mostly persuasion. That's what you've got and inside the World Bank group that's also really important.

We have a live-in board at the World Bank group. They actually live and work with us some 175 or so people from countries all over the world. It's a challenge to have your board literally living with you everyday. On the other hand, our board was critical in helping us get these twin goals of ending poverty and building shared prosperity. There are upsides and downsides. I'd have to say I think I do have more leverage of influence at the World Bank group than I did at Dartmouth College but they are very similar in many ways. When I was interviewing for the job, one of them said to me, "You know the bank is confused because sometimes it thinks it's a bank with a brain and other times it thinks it's a university with a lending arm." I think it's actually quite different from either.

The great thing about the World Bank, what's so different about the World Bank compared to a university is that we've got economists who've actually got dirt between their toes and under their fingernails because they actually have to go out and make these loans and grants work. At the end of the day, you got to have a bridge. You got to make sure that the bridge is built, so we have a very unique group of ... thinking about corporate social responsibility. The next stage is shared value. I think that's a very good way of thinking about this because fundamentally, if you look at the Liberia situation, I think companies can make

money out of helping to provide energy for the people of Liberia. But what they'll do is provide energy which will then pave the way for more private sector investment, but they'll also increase access and reduce the price of electricity at the same time. We're using the most expensive, sort of, duct taped together systems in Liberia right now.

If you can make money, increase access to energy, spur other private sector investments, and lower the price of energy for the people of Liberia, who wouldn't do that. But the hardest part is convincing people that we really do understand the nature of risk and reward in places like Liberia. I was just in one of my trips I was talking to an economic journalist from a developed country and he said to me, "You keep talking about the importance of private sector investment but after what happened in Algeria...", remember the plant that had so much trouble, "how can we think about investing in Africa?" And so my response was, "You got to understand, Africa is not a country and there are differences in the investment environment even between Northern Mali and Southern Mali." I think people see Africa and many of the investors say, "We understand investing in Asia, that took a while, but Africa it's just not so..." It's really something that we're working hard on and we want to convince people that we, in fact, really do understand risk and reward. We've increase our investment in Africa ten-fold in ten years in the private sector.

Norm: I do something called the World Forum on Governance every year, bringing people from around the globe to look at challenges, governance, and corruption just keeps coming up over and over again as an issue. As you look at the challenges that you face, you got a challenge of resources, a challenge of bringing in partnerships, how important is corruption and what can we do about it to make sure, among other things, that the results-oriented approach that you've taken can actually prevail?

Jim: My predecessor, Bob Zoellick, I think said it most clearly. Bob said, "Corruption is quite straightforward. It's stealing from the poor." It really is and so over the past, quite some time, Jim Wolfensohn, my good friend and also predecessor, in 1996, for the first time gave a speech on corruption as World Bank President. He calls it the cancer of corruption. Since then, we have been putting so many systems into place to make sure that we can prevent corruption in our own projects.

Let me just give you an example. As the various troops pull out of Afghanistan, the World Bank's going to take an increasingly large role in Afghanistan, but we have to make sure that we prevent corruption. When I was there, I was riding around in level 4 vehicles that I was told are capable of withstanding an IED attack but not a guided missile. I kept saying more than I need to know right now...

Norm: How reassuring.

Jim: More than I need to know. The point is, the reason we had those vehicles is because we are to send our team out to the project sites to supervise. Moreover, we've given local residents cellphones in which they can take pictures of the project as it's going forward. But because there are some people that might not like local residents taking pictures, there's a button on their cellphone that if they just push it...

Right now there's 300 million Indians who are registered and everyone has a 12-digit number plus they take all ten fingerprints plus two iris prints. With those 12 pieces of data plus the 12-digit number, they can identify, they think, anyone, anywhere. Right now, it's a very simple system. All you do is you go in and you say this is my number and you put your fingerprint and the system will say, "Yes, it's that person" or "No, it's not that person." But think of what that has meant in terms of the government. The minister of finance told me, "This is great because now instead of putting money into this system and not knowing where along the path it's going to get diverted, I can know instantaneously whether this person has received the support that we want them to receive."

There are so many possibilities of where you could take that. Right now it's very simple, yes, no, are you the person, are you not the person. But with cellphones, with identification systems like that, we have the opportunity to not only get feedback on projects like we're doing in Afghanistan, but one of the really big issues is access to financial services. There's still billions of people in the world who don't have a bank account and if you don't have a bank account, you don't have an identity, you can get a small loan. There's all kinds of various... that flow into space. I'm convinced that these kinds of new technologies have huge potential to leapfrog us past generations of bad bureaucracy to being able to get services directly to people.

Norm: You've had quite a remarkable career. You went through all kinds of educational experiences and then decided to devote your life in different ways and in different places to problems that were pretty remote from you. What inspired you to do this? Did you have a mentor? Was this something that emerged at an early age?

Jim: That's a great question. Thank you for that. You remember, when I was born in the 50's, 60's, and 70's, Korea was a very poor country. The Korea I was born into in 1959 had literacy rates of less than, probably 20, 30%. Less than 5% of the people had college education. This was a really poor country and moreover, the development experts and development experts at the World Bank used to say that Korea is a basket case, no way is Korea going to develop. They used to say

things like, "Well, they have known..." because South Korea didn't have any natural resource... North had all the natural resources. No natural resources, low literacy levels, there's no way that they're going to develop.

One of them, as an anthropologist I was fascinated, I read all this literature, said, "The reason they're not going to develop is the Confucianism in South Korea is much too fundamentalistic." There were all kinds of reasons and then thirty years later they say, "Korea is developing so beautifully because of Confucian culture." [Laughing] So it was very real. I came from a very poor country. My mother was a refugee during the war. My father escaped from North Korea alone at the age of 19 by himself because he knew a border guard. The fact that there was this poverty, moreover, the fact that you could see transformations like South Korea, have made me convinced that the last thing we should ever do is to ever call any country a basket case.

It's very personal for me in a way but also, my mother is a philosopher in the late 1960's. I remember as a 9-year-old kid, 8-year-old kid, watching Martin Luther King give speeches, I was inspired by this. But my father is a dentist, a very practical guy, so I tell this story a lot, if you've heard it I apologize. I came home from college and I got in the car and my father is driving. This is in Iowa, all places are 30-minute drive to the airport. He said to me, "Jim, what do you want to study?" And I said, "I want to study political science and philosophy because I really want to do something about social justice." Quite literally, he pulled the car to the side of the road and he said, "Once you finish your residency you can do anything you want." [Laughing]

I have to tell you...

Norm: Are you sure your father wasn't Jewish?

Jim: [Laughing] The thing is, though, when I tell this joke in front of an Asian audience, nobody laughs. [Laughing] Shake their head and say, "Of course."

Norm: I want to speak for everybody in this room which I think I can and not only thanking you for being here and for being so inspiring, but in saying all of us pledge to do whatever we can to help you fulfill your goals which are shared and inspirational to all of us. Thank you.

Jim: [Clapping] Thanks. It's an honor sharing the stage with you. It's my pleasure.