“What’s Next for Russia’s Economic Future and Global Role?” - Lecture by World Bank Group President Jim Yong Kim

February 14, 2013

World Bank Group President Jim Yong Kim
Russian Presidential Academy of National Economy and Public Administration
Moscow, Russian Federation
As Prepared for Delivery

“What’s Next for Russia’s Economic Future and Global Role?”

Introduction

Thank you, Professor Mau, distinguished faculty members and students.
I am honored to speak to you today here at the Russian Presidential Academy of National Economy and Public Administration. Thank you for inviting me.

As a former president of an Ivy League School, Dartmouth College, home of the outstanding Tuck School of Business, I feel very much at home in this academic environment and highly value the work you do here at RANEPA in educating the next generation of Russian professionals.

Today, I would like to challenge you – the students of RANEPA – to build on the great Russian traditions of intellectual curiosity to solve the challenges your country will face in the 21st Century.

My challenge to you is to look ahead to the next 50 years in Russia and ask yourself the question, “What’s Next?” More specifically, I ask you to think about this question: “What’s next for Russia’s economic future and its role in the global community?”

Tomsk Shows the Way on TB Fight
First, let me just say that it is good to be back in Russia.

Some of you may know that my commitment to Russia goes back 15 years, to when I worked in Siberia starting in the late 1990s. I know your country, I admire your intellectual history, and I care about your people.

In 1987, I helped found Partners in Health, a non-profit organization that uses a community-based approach to health care and now is working in 12 countries around the world.

In the 1990s, our group started working with Russian authorities in Tomsk Oblast, helping combat an epidemic of multidrug-resistant tuberculosis.

I am delighted that Oksana Ponomarenko, who is in charge of the Partners in Health project in Tomsk, is with us here today.

This fight against TB in Tomsk is hard work. But, in the end, the collaboration between Russian experts and international partners brought the epidemic under control. What’s more, this collaboration generated scientific findings and delivery innovations that have gone on to strengthen practice in other settings around the world.

In Tomsk, the ministry, the doctors, the nurses, and especially the patients committed themselves to achieving results. They showed that by respecting science and building a good health system you could break the back of a severe and dangerous form of TB. The policymakers examined the overwhelming evidence of success from the project, they accepted it, and applied that approach to their fight against TB.

Today, the patient-centered approach in Tomsk has been replicated in other parts of the Russian Federation, such as Novosibirsk, Voronezh, and Saratov Oblasts.

Partners in the Tomsk program have led training sessions for hundreds of clinicians, nurses and research staff across Russia.

That’s not all. The research findings in Tomsk helped inform new global guidelines for treatment of multidrug-resistant TB in 2006. What happened in Tomsk helped to change the way the world thinks about this disease, and it has helped save hundreds of thousands of lives.

Local success, as shown in Tomsk, can be scaled up and become part of a global solution. I believe this is how we can tackle some of the world’s most difficult problems. As
our TB project has shown, Russia can achieve extraordinary progress for its own people as well as for the international community, if it puts dedicated people on the job and finds the right partners to support them.

Perhaps most importantly, the Tomsk experience showed that Russia, with history that dates back to the year 862, with its giants through the ages in literature, the arts, sports, and science, is continuing to generate innovations that can solve today’s toughest problems.

Continuous learning is at the heart of these solutions. As an old Russian proverb says, “There is no shame in not knowing; the shame lies in not finding out.”

This phrase captures the restless questioning and drive to expand knowledge that have characterized Russian science and culture at their best.

**What Next for Russia’s Economic Future?**
The faculty and the students here today can attest to the fact that Russia is known worldwide for its educational system, for pushing the boundaries of science, and for applying what we call the “science of delivery” to many issues.

Knowledge, said Anton Chekhov, “is of no value unless you put it into practice.”

The challenge for those of you at RANEPA is how you can harness these great Russian academic traditions and apply them to the challenges your country will face in your lifetime.

As I have traveled around the world as president of the World Bank, I have been very impressed at how many countries such as China and South Korea are thinking hard about their future and are constantly re-evaluating their strategy for the next five, ten and even 50 years. Even though their growth in recent decades has been the envy of other countries, they are not sitting still. Instead, they are asking themselves the question, “What next?”

Given the challenges of globalization, every country needs to be asking itself this question – and Russia is no exception.

Russia’s growth in the 2000s was impressive – but what happens in 20 to 25 years when the tap on the country’s oil pipeline starts to run dry or if no new fields are discovered? What is the strategy for replacing oil and gas that currently account for two-thirds of the country’s exports? What is next?
**Diversification Through Competitiveness**

Just a few months ago, Prime Minister Medvedev talked about the need for Russia's economy to diversify from – quote - “a raw-material dependent economy to an innovation-based economy” - End quote.

We could not agree more.

In fact, the World Bank is advising Tomsk regional authorities on how to transform by 2025 a region that is driven mainly by extracting natural resources to one that extracts and applies global knowledge to pressing challenges.

In Russia, as in all countries in the world, we strongly believe that the government has to unleash the growth potential of the economy. For Russia, this means a better business climate that can pull in more private investment, and higher competitiveness leading to the diversification of the economy away from oil and gas.

Our experience around the world shows us that when you put in place a better business climate, it clears the way for companies and individuals to innovate and for entrepreneurs to start new businesses.

Russia made some gains last year in the rankings of the World Bank Group’s Doing Business report – but more can be done.

That is why we welcome President Putin’s goal of rapidly improving the investment climate so that Russia becomes one of the most business-friendly economies in the world by 2018.

The question for you as RANEPA graduate students is – how can you be part of this and how can an economy like Russia’s become more diversified?

**Signs of Success in Russia’s Regions**

One good place to start changing the future and ensuring that Russia’s prosperity is widely shared is in Russia’s regions.

As President Putin said in his December annual address to the Russian Federal Assembly, there are extremely high differences between regional incomes in Russia. People’s lives reflect this disparity – the average Muscovite lives to be 74 years old but a child growing up in the Chukotka Autonomous Okrug can only expect to live to 58.4 years.
I met this morning with governors from several of Russia’s regions to discuss the challenges they face in improving the lives of their citizens. The development issues they cited sounded similar to those faced in other upper-middle-income countries we work with.

After having worked in Tomsk against the rise of TB, I believe that if Tomsk can partner with others and use its knowledge to solve local problems, other oblasts can do it as well.

In fact, during the past few years of working in Russia’s regions, the World Bank Group has seen many promising stories of success from all over this vast country.

- In four Russian regions, we have helped introduce international best practices of Local Initiative Support Programs and participatory decision-making. So far, the project has helped 90,000 people through 700 micro-projects in Stavropol Krai, and the Kirov, Tver, and Nizhegorodskaya oblasts.

- We helped 30 Russian regions establish a baseline from which they can work to improve their business environment conditions, compare their respective performances and learn from one another’s practical experiences in making it easier and less costly for small businesses to register and operate.

- In St. Petersburg, the World Bank Group advised the city government on the country’s first Public-Private Partnership at the Pulkovo Airport that brought in 1.2 billion euros in private investment. In 2011, the project won an award for the “global Public-Private Partnership deal of the year” by *Infrastructure Investor* magazine.

The scope for doing more in Russia’s regions is enormous— if the right knowledge can be matched to the right issue.

- Take the issue of Russia’s ageing population. By 2050, Russia will have almost twice the number of retirees that it has today. This poses a huge challenge to Russia’s social services and a big burden on the state health system. Can Russia learn from other countries such as Japan or European countries facing similar problems of ageing?

- Another issue is roads, which cost twice as much to build in Russia as they do in countries with similar climates such as Canada or Germany. What international experience can Russia learn from to cut down on this cost by improving contracting procedures or engineering design?

- Or look at energy efficiency. The World Bank estimates that the energy Russia currently loses each year through old, inefficient buildings, factories, and heating systems equals the
amount of energy that a country like France consumes each year. If Russia takes immediate action on the issue of energy efficiency, it would help the world and it would also help Russia. The energy saved can be either sold to enhance revenue or kept in the ground for future generations.

**Building on 20 Years of World Bank and Russia Partnership**

The World Bank Group has learned a lot from working in Russia, and I believe that Russia has also learned much from its partnership with us. We bring experience to Russia from more than 100 countries around the world in which we work.

In an increasingly globalized world, the challenge for each country, including Russia, is to find the best approaches to tackling pressing issues wherever they are.

Our 20-year collaboration with Russia’s regions shows that our partnership has evolved over time into a strong engagement. We are eager to deepen our work in all parts of the country.

On the national level, we would like to continue supporting the country’s development objectives. On the regional level, Russia is important as a driver of growth in the CIS, and the Bank would like to partner more closely in supporting the region’s growth and development.

**Russia’s Global Development Role**

Perhaps most importantly, we’d like to build on our partnership with Russia on the global level.

While Russia seeks to improve the lives of its own people, how can Russia also look outward and share its traditions and knowledge with others to help build a more stable and prosperous world?

The world – and the World Bank -- needs Russia as a global development partner. Russia has the history, capacity, and knowledge to play a large and responsible role as a development partner and donor country.

Its increased official development assistance to poor countries reflects well on this country and its values. Russia’s help is already making a big difference – whether it is transforming health systems in CIS countries, improving schools in Africa, or making better farming systems in Central Asia.
With Russia playing its global role, and with other donors playing their roles, we can end extreme poverty and boost shared prosperity at a much faster rate than ever before.

Starting tomorrow, I will be taking part in the Group of 20 Finance Ministers and Central Bank Governors meeting chaired by Russia this week in Moscow. The G20 meeting is just the latest sign that Russia is shaping its own unique profile in addressing the major development challenges of the 21st century as a leader and participant in international fora such as the G8, WTO and APEC.

What is next for Russia’s global role? We have talked about the need for Russia to learn from best practices in other countries and apply them in Russia. But how can Russia best export its skills and know-how to others? And how can you as graduates from one of Russia’s most prestigious academies play a part in helping change the world?

Closing
In closing, I want to turn back again to a figure from Russia’s literary history whom I have mentioned briefly, and who for me embodies the complexity and richness of Russian tradition. I am referring to Anton Chekhov.

Chekhov’s life and work speak to me on many levels. As you know, in addition to his exceptional literary gifts, Chekhov was a practicing physician. He grew up in a family that suffered the indignity of poverty. Later, having become a doctor, he provided medical care to poor patients free of charge, often paying for indigent patients’ medications out of his own pocket. In 1904, at the age of 44, Chekhov died of tuberculosis—the disease we fought in Tomsk.

Chekhov united the scientific rigor; the passion for beauty; and the commitment to fight unjust suffering that are, equally, dimensions of the Russian spirit. And he joined these qualities not as principles that merely coexist, but as values that mutually reinforce each other.

The beauty of Chekhov’s writing emerged from his capacity to view the world both as a scientist, with unflinching lucidity, and as a compassionate witness always in revolt against the forces that diminish our humanity.

Chekhov’s action as a physician showed his conviction that our responsibility is not merely to see the world objectively; nor even to empathize with those who suffer; but instead to
change the world through deliberate action, for and with those who face poverty, disease and exclusion.

My hope is that Russia’s answer—your answer—to the question of “What’s next?” will emerge from this country’s capacity to unite—as Chekhov did—reason, the love of beauty, and the courage to act.

The future of your country—and with it the world—is in your hands.

Thank you very much.