Within Our Grasp: A World Free of Poverty - World Bank Group
President Jim Yong Kim’s Speech at Georgetown University

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As Prepared for Delivery

Within Our Grasp: A World Free of Poverty

Thank you. It’s always a pleasure to visit a great academic institution, one engaged in preparing the leaders of the future.

I’m here today to talk to you about the future, about the opportunity to create a world free from the stain of poverty and economic exclusion.

My message to you is that such a world is within our reach. But if we are to succeed, we have to make some hard decisions and change the way we work together.

To understand the historic opportunity in front of us, and what we must do to transform history, let me begin with some observations on the global development landscape today and the outlook for the medium term.

The Global Development Landscape

Let me start by noting that the crisis which has gripped the global economy over the last four and a half years does not yet show clear signs of abatement. So many green shoots have sprouted and withered in the last year or two that we should be cautious in assessing the future. As recent events in Cyprus demonstrate, it is too early to declare victory. At the
same time there is growing evidence that we are on the right track, although there are sure to be some bumps in the road ahead.

Market conditions in Europe have improved since the turbulence of last spring and summer. Thanks to the commitment by European leaders to contain financial volatility, many risk indicators are back at levels last seen in early 2010 – before concerns about Euro Area fiscal sustainability emerged. While European policymakers deserve credit for these improvements, it's important for us to recognize that the injection of liquidity only buys us time; it does not solve the problem. Many more difficult decisions pertaining to fiscal and banking policies remain.

In the real economy, there are some weak signals that recovery is underway. In high-income countries, headwinds from fiscal consolidation continue to drag on growth, but we may have turned a corner. Here in the US, both the housing market and labor market are improving – over one million jobs have been added to the American economy in the last six months – though we must note that there remains a lingering uncertainty over the deadlock in fiscal policy. In Europe, GDP is projected to shrink by 0.2 percent this year, and some of the difficulties will continue to persist until late 2014 and early 2015.

When we look at the economic picture ahead for developing countries, the prospects are brighter. The economies of the developing world are expected to expand by 5.5 percent this year, and we forecast growth will further accelerate to 5.7 percent and 5.8 percent in 2014 and 2015, respectively. Dynamic and competitive firms are opening and expanding all over the developing world, from small startups to multinational corporations.

I was recently in Chengdu, China, where I met an entrepreneur named Zhang Yan. A few years back, she had big dreams to build a business but lacked access to finance. She was able to secure a $10,000 loan through a local bank’s initiative to finance female entrepreneurs -- a program supported by the International Finance Corporation, the World Bank Group’s private sector lending arm. Zhang used her loan to open a car repair shop, and today, she runs a thriving business that employs more than 150 people. I just received an email from her over the weekend. She plans to open a third repair shop, and will continue to promote social responsibility by hiring and training women who have previously not had access to good jobs. Her story mirrors the experiences of millions of ambitious individuals across the globe. When they are given the chance to succeed in business, they seize it. In turn, they create jobs and opportunities for their neighbors.
This private sector growth is reaping impressive development gains, especially when coupled with more effective pro-poor interventions on the part of governments, international donors, and civil society. Today extreme poverty is in retreat. In 1990, 43 percent of the developing world lived on less than $1.25 a day. In 2010 – 20 years later -- we estimate that the global poverty rate dropped to 21 percent. The first Millennium Development Goal, to halve extreme poverty, was achieved five years ahead of time.

And the advances in the social sector are perhaps even more remarkable. In the last decade, eight million AIDS patients have received antiretroviral therapy. The annual number of malaria deaths has dropped by 75 percent. The total number of out-of-school children has fallen by over 40 percent.

Looking ahead, we believe the conditions are in place for continued strong performance in developing countries. Yet we can’t take high growth rates for granted. Maintaining growth of 6 percent, let alone the 7 or 8 percent many economies achieved during the pre-crisis boom period, will require sustained reform efforts. For example, countries must continue to improve the quality of education, governance, and the business climate; modernize their infrastructure; ensure energy and food security; and enhance financial intermediation.

Moreover, new risks are emerging. In particular, we are concerned that unless the world takes bold action now, a disastrously warming planet threatens to reverse much of the progress we have experienced.

Climate change is not just an environmental challenge. It is a fundamental threat to economic development and the fight against poverty.

According to a recent World Bank report, if we don’t act now to curb dangerous emissions, by the end of this century the average global temperature will increase by 4 degrees Celsius, or more than 7 degrees Fahrenheit.

In a “4-degree world,” sea levels would rise by as much as 1.5 meters, putting more than 360 million city dwellers at risk. Drought-affected areas would increase from 15 percent of global cropland today to around 44 percent, with sub-Saharan Africa especially hard hit. Extreme weather events would occur with devastating frequency, with untold costs in lives and dollars. And it is the poor, those least responsible for climate change and least able to afford adaptation, who would suffer the most.
A second crucial challenge for the medium term is the problem of inequality. Often, the mention of inequality causes embarrassed silence. We have to break the taboo of silence on this difficult but critically important issue. Even if rapid economic expansion in the developing world continues, this doesn’t mean that everyone will automatically benefit from the development process. Assuring that growth is inclusive is both a moral imperative and a crucial condition for sustained economic development.

We know that despite the dramatic successes of the last decade, there are still around 1.3 billion people living in extreme poverty, 870 million who go hungry every day, and 6.9 million children under five dying every year.

So, what conclusions can we draw from this overview of today’s global development landscape? I believe there are two key implications for the work of the World Bank Group.

**Accelerating the End of Extreme Poverty**

The first is that now is the time to commit to ending extreme poverty. We are at an auspicious moment in history, when the successes of past decades and an increasingly favorable economic outlook combine to give developing countries a chance -- for the first time ever -- to end extreme poverty within a generation. Our duty now must be to ensure that these favorable circumstances are matched with clarity of purpose and resolute action to realize this historic opportunity.

We know the end of poverty will not come easily. In the years ahead, as we push toward this goal, the job will become tougher and tougher, because those remaining in poverty will be the hardest to reach.

Some live in densely populated areas in emerging economies, such as the Indian state of Uttar Pradesh, which I visited last month and which accounts for 8 percent of the people in the world living in extreme poverty. People in Uttar Pradesh need so much, including improved infrastructure, stronger education systems that prepare students for the work force, and greater inclusion of women and other vulnerable groups in labor markets.

Others who remain trapped in poverty live in countries caught in cycles of conflict and fragility. A substantial and growing share of poor people live in fragile or conflict-affected states, where both the need for and the obstacles to development tend to be the greatest. Fragile states must be front and center in any agenda to end extreme poverty.
Development in fragile states is difficult, but with creative approaches real progress is possible, as I saw in Afghanistan three weeks ago. For example, we’re helping train Afghan volunteers to use GPS-enabled smart phones with built-in cameras to monitor irrigation projects in their communities, increasing their sense of ownership. Their photos and reports are now transmitted daily to our main offices in Kabul. The cameras also have a function that James Bond would appreciate: a delete-all-data button, including photos and reports, in case the workers are questioned at a checkpoint. In Afghanistan, despite enduring security challenges and an environment plagued by corruption, many companies today are exploring investment opportunities in mining, energy, and transportation. The international airport is full of commercial aircraft – a striking change from a decade ago. And 27 percent of the country’s members of parliament are women – an even sharper break with the past.

The donor community’s experience in Afghanistan illustrates the high risks of operating in fragile states. But increasingly we’re seeing how coordinated efforts from the international community and local governments can produce transformative results. We’re accumulating lessons on how to achieve security, political stability, and economic development. Next month, UN Secretary-General Ban Ki-moon and I will visit the Great Lakes region of eastern Africa together as we cooperate to put these lessons more widely into practice. I want to be clear – I have worked in fragile and conflict-affected states for most of my adult life and continuing to strengthen the World Bank Group’s work in these countries will be one of my very top priorities.

*Boosting Shared Prosperity*

In addition to accelerating the end of extreme poverty, I believe the second development lesson for our times is that fighting extreme poverty alone is not enough. We must collectively work to help all vulnerable people everywhere lift themselves well above the poverty line. At the World Bank Group this focus on equity is central to our mission of boosting shared prosperity.

What I’ve heard time and again over the past nine months is that forward-looking policymakers around the world are concerned about inequality and exclusion.

They want to create economic opportunities for their vulnerable citizens, and bring growth to the homes of the poor and the relatively disadvantaged, whether they live on $1 a day, $2 a day, or $10 a day. They want to help those who have only recently escaped extreme poverty secure the resources they need to join the middle class. And they want to ensure
that the gains they’ve achieved over the past decades are sustainable – socially, fiscally, and environmentally.

In Tunisia last January, I met with civil society leaders who were at the forefront of the movement which launched the Arab Spring. Their message was clear: If prosperity is not widely shared, if it is not built on a development process which involves all members of society, especially women and young people, then tensions may again rise to the breaking point.

I also strongly believe that prosperity must be shared not only among individuals, communities, and nations, but also across generations. If we do not act to curb climate change immediately, we will leave our children and grandchildren with an unrecognizable planet.

The World Bank Group is now working on a revamped strategy to significantly strengthen our climate change interventions and help catalyze urgent action among global partners on the scale required. We are exploring a number of bold ideas, including new mechanisms to support and connect carbon markets; politically feasible plans to eliminate fossil fuel subsidies; increased investments in climate-smart agriculture; and innovative partnerships to build clean cities. We are reviewing our work in every sector to ensure that all our projects reflect the pressing need to tackle climate change. A “4-degree world” can still be avoided if we develop a plan and take concerted action that is equal to the challenge we face. To date, I believe our efforts to combat climate change have been too narrowly focused, small scale and uncoordinated. We can do better.

**Two Goals to Guide the World Bank Group**

Let me now talk more specifically about how the World Bank Group is mobilizing to seize the opportunity to end extreme poverty and boost shared prosperity.

We're introducing two goals to guide our strategy. These are not goals which the World Bank Group itself will achieve. They are goals which our partners – our 188 member countries – will achieve, with the support of the entire global development community.

The first goal is to end extreme poverty by 2030. With the end of extreme poverty within our grasp, we want to set an aggressive timeline to focus our efforts and maintain a sense of urgency.
The date of 2030 is highly ambitious. If anyone doubts it, consider that the first Millennium Development Goal was to halve absolute poverty over a period of 25 years. To reach the 2030 goal, we must halve global poverty once, then halve it again, and then nearly halve it a third time—all in less than one generation. If countries can achieve this, then absolute poverty will be brought below 3 percent. Our economists set the goal line here, because below 3 percent the nature of the poverty challenge will change fundamentally in most parts of the world. The focus will shift from broad structural measures to tackling sporadic poverty among specific vulnerable groups.

Our team believes three factors will be necessary to achieve this extraordinary result.

First, to reach our goal will require an acceleration of the growth rates observed over the past 15 years, and in particular sustained high growth in South Asia and Sub-Saharan Africa. Second, it will require efforts to enhance inclusiveness and curb inequality, and ensure that growth translates into poverty reduction, most importantly through job creation. And third, it will require that potential shocks – such as climatic disasters or new food, fuel, or financial crises – be averted or mitigated.

Reaching these goals will require additional resources. This year the World Bank Group is discussing with our partners the replenishment of the International Development Association, or IDA, our fund for the 81 poorest countries. With IDA’s help, hundreds of millions of people have escaped extreme poverty. Securing a strong IDA replenishment is one of my highest priorities.

Meeting this 2030 goal will require extraordinary effort. But is there anyone, anywhere, who doubts that the reward will be worth it? Is there anyone who has lived on less than $1.25 a day who would not join me here today in telling you that it is time to end extreme poverty? Is there anyone who has seen the shantytowns of Johannesburg or Addis Ababa or Dhaka or Lima who would not commit to help build a better life for all who live there? Is there anyone here today who would not want to erase this stain from our collective conscience?

But we know that ending extreme poverty is not enough. We must also work to boost the incomes of the poorest 40 percent of the population in each country.

Focusing on the bottom 40 percent captures the twin elements of shared prosperity: the imperative of economic growth matched with a strong concern for equity. It demands that we worry not just about whether developing economies are expanding, but look directly at
whether the welfare of the poorest segment of society is improving. It is an important objective for all countries.

Though our efforts are especially focused on the countries with the fewest resources, our work is not just in poor countries. Our work is in any country where there are poor people.

This is hard work, but it can be done. I was just in Brazil, where I saw how carefully crafted public policies can dramatically reduce income inequality. Brazil has expanded access to education and implemented a conditional cash transfer program that raises incomes among the very poor. Other countries can adapt these and other proven strategies to tackle inequality in their own contexts. Success can spread.

The World Bank Group will be there to help countries end poverty and boost shared prosperity in at least four ways.

First, we will use these goals to help us choose among competing priorities, as we identify the projects where we can have the most impact. These goals will significantly inform our Country Partnership Strategies, the detailed policy documents which define our objectives for each of our partner countries.

For example, next week we will send to our Board a new Country Partnership Strategy for India, the first such strategy designed with these two goals in mind. India’s contribution to ending global poverty could be staggering. In the last five years, roughly 50 million people have been lifted out of poverty in India. But in the next generation, we estimate that with a concerted push an additional 300 million people in India could escape extreme poverty.

Second, we will closely monitor and observe progress toward these goals of ending poverty and boosting shared prosperity, and will report annually on what has been achieved and where gaps remain.

Third, we will use our convening and advocacy power to continually remind policymakers and the international community what it will take to realize these goals.

Recently, a number of courageous politicians have committed to ending poverty in their countries, including Dilma Rousseff in Brazil and Joyce Banda in Malawi. Similarly, US President Barack Obama and UK Prime Minister David Cameron endorsed the vision of ending extreme poverty globally. These bold calls demand action. The World Bank Group will be a relentless advocate and a loyal partner in encouraging policymakers to follow through on their promises to the poor.
And fourth, we will work with our partners to share knowledge on solutions to end poverty and promote shared prosperity.

To reach their development goals, countries will need sound policies and adequate financing. But they will also need to improve delivery: how they implement policies on the ground to get results.

Increasingly, countries are looking to the World Bank Group for support in tackling delivery challenges. They tell us they have record numbers of children in school, but tests show that far too many can’t read or write by the fifth grade. They tell us plans for new sanitation plants, or new roads, or new bridges have been approved, but years later they still are not completed. These are delivery failures, and for many countries, they’re the greatest obstacle to development progress.

That’s why we are working with countries and partners to build what we are calling a science of delivery for development. As it matures, this new field will provide frontline development practitioners with knowledge, tools, and support networks. It will connect them to peers around the world who can help them problem-solve in real time. One recent example: Engineers modernizing power grids in the Republic of Georgia received advice from colleagues in Chile who had solved similar challenges.

By systematically enabling these connections, the science of delivery will multiply the impact of expert problem-solvers inside and outside the World Bank Group: These are the people who are on the front lines figuring out ways to bring solar power to a half-million Mongolian nomads; or helping Costa Rican villagers rebuild after an earthquake; or crafting a finance package that can bring a struggling railroad line in East Africa back to life.

In advancing the emerging field of delivery science, we will help our partners learn from one another and maximize the impact of every dollar spent to end poverty and promote shared prosperity.

**Conclusion: What Kind of World Will We Leave to our Children?**

In closing, let me note that this Friday marks 1,000 days until the end of 2015, the deadline for achieving all eight Millennium Development Goals. Progress on the MDGs has been impressive, but it remains uneven across populations and countries. We must use these next 1,000 days to move with much greater urgency to improve the lives of children and their families.
While we ramp up, we must also focus on what comes next, and how we can maintain an unrelenting focus for the years ahead. With our partners, the World Bank Group is engaged in framing a bold post-2015 agenda. In fact, this weekend I will be in Madrid meeting with the leaders of all the United Nations agencies under the leadership of Secretary General Ban Ki-moon. We will focus specifically on how we can work together as a multilateral system to accelerate progress in the last 1000 days.

But we all know that the challenges in front of us are enormous and progress is never inevitable. I am reminded of this when I think back to a moment during the African-American civil rights movement exactly 50 years ago this month.

In April 1963, Dr. Martin Luther King was arrested in Birmingham, Alabama, for leading a wave of mass protests designed to force local authorities to speed up desegregation reforms. Many moderate white religious leaders, people who considered themselves allies of the civil rights struggle, disapproved of what they called King's “extremist” tactics. The day of Dr. King’s arrest, a group of moderate clergymen published a letter in the *Birmingham News* in which they argued that all thoughtful people knew African-Americans would eventually gain their rights, but that King had acted in ways that were “unwise and untimely” in trying to force change before the time was ripe.

In his “Letter from a Birmingham Jail,” Dr. King responded that the attitude of the white moderates reflected a “tragic misconception” that time would “inevitably” bring progress. King wrote, and I quote: “Human progress never rolls in on wheels of inevitability; it comes through the tireless efforts of men [and women].” End quote.

Injustice will not vanish “inevitably.” Injustice, said Dr. King, must be “rooted out by strong, persistent and determined action” spurred by “the urgency of the moment.”

As we set goals for our organization, goals for our collective effort to better serve the poor and vulnerable, we should reflect on Dr. King’s example.

We set goals precisely because nothing is inevitable. We set goals to challenge external obstacles—but also to defy our own inertia. We set goals to keep ourselves alert to the “urgency of the moment,” to push constantly beyond our own limits. We set goals to keep ourselves from falling into either fatalism or complacency—both deadly enemies of the poor.
We set goals so that, every day, every hour, we can ensure that our actions are aligned with our deepest values—those we can affirm without shame before the judgment of history.

If we act today, if we work relentlessly toward these goals of ending extreme poverty and boosting shared prosperity, we have the opportunity to create a world for our children which is defined not by stark inequities but by soaring opportunities. A sustainable world where all households have access to clean energy. A world where everyone has enough to eat. A world where no one dies from preventable diseases.

A world free of poverty.

It is the world we all want for ourselves, for our children, our grandchildren, and all future generations.

As Dr. King said, "the time is always ripe to do right." The opportunity is squarely in front of us. We can and we must seize the arc of history and bend it toward justice.

Thank you very much.