World Bank Group President Jim Yong Kim Press Conference, New Delhi, March 13, 2013

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Transcript

MODERATOR: It's a privilege for us to have with us Dr. Jim Yong Kim, the President of the World Bank Group with us here today. Along with him, we have Onno Ruhl the Country Director of the World Bank in India.

I would request Dr. Kim to share his opening thoughts with us and then we'll take some questions after that. Dr. Kim.

DR. KIM: Thank you very much. Thank you all for coming.

I've had a wonderful trip, my first, as a World Bank Group President, productive discussions with several Indian leaders, notably Prime Minister Manmohan Singh, Finance Minister P. Chidambaram, Uttar Pradesh Chief Minister Akhilesh Yadav, and also several other Ministers, Health, Education, Transportation and Transport.

I also met in Delhi with civil society leaders, private sector representatives, and many young people, all of whom talked about what they see as the critical priorities for India in the years ahead and how the World Bank Group can continue to be a key partner in helping India solve development issues.

Let me make three quick points and then we'll turn to questions.

So, first, I was very impressed with the government's commitment to solving some of the thorniest issues that face this country.
I was also impressed with the government strategy to include the private sector in its outreach to help spur growth in the country.

One example that I heard about from Finance Minister Chidambaram concerned the $1 trillion gap in infrastructure funding that this country needs--that it needs to fill in the years ahead. The Minister told me that this is a job that will include work and planning from both the public and private sectors.

It also, I believe, strongly will include contributions from the World Bank Group in the years ahead. Both the Minister and I know well that private sector growth is the engine for job creation. The World Bank's World Development Report last year in fact focused on jobs and found that 90 percent of all jobs in the developing world are created in the private sector.

Second, I want to underline one critical point: The World Bank is committed to continuing working in India. We will be working toward continuing our annual lending and investment program from the World Bank from the International Development Association, or IDA, and from our private sector arm, the International Finance Corporation, or IFC. We are working toward continuing our annual engagement of between three and five billion dollars a year for the next four years.

India is the largest partner of the World Bank Group. We've embraced many of the government's priorities in the years past.

One priority we share is ending extreme poverty as soon as possible. I travelled yesterday to Uttar Pradesh, which, as you know, has more than 200 million people. If it were a country, it would be the fifth largest country in the world.

Uttar Pradesh also is home to an estimated 70 million people living below the poverty line of $1.25 a day. That means that 8 percent of the world's poorest people live in Uttar Pradesh. If we are to end extreme poverty, we need to end poverty in Uttar Pradesh and all states in India. This will be one of the key, central, long-term goals of the World Bank.

Third, let me talk briefly about one project ahead. It's far too early to go into any detail about our future engagement with India, but I did talk with the Prime Minister, the Finance Minister, and the Health Minister about one issue, strengthening health care, and particularly working on communicable diseases.
I'm a medical doctor, as many of you know, and I've been involved in setting up health systems in many countries around the world. What I heard from India's leadership was that they would appreciate technical assistance from the World Bank Group that focused on ways of controlling infectious diseases while also building stronger systems that can also tackle communicable diseases, women and children's health, immunizations, and all the other important health priorities that this country has identified.

One of the problems, of course, would be the fight against tuberculosis, ordinary as well as multi-drug resistant tuberculosis. We feel we can make a strong contribution to the Government of India. I will be assigning a team of specialists to work specifically with India and, in a few months, I'll return to India to meet with officials about how we can best tackle this enormous problem that is a need here in India.

But if we can get it right, if we can build the kind of systems that can deliver across these priorities in India, I assure you that this will be a critically important model for the rest of the world.

Thank you very much and we'll take your questions now.

MODERATOR: Thank you, Dr. Kim.

Before we take the questions, let me also introduce Mr. Tom Davenport, who heads the IFC operations in India; Martin Rama, who is the Chief Economist of the World Bank in India.

We'll take one question at a time. If you could just indicate your interest and when I come to you if you could introduce yourself and your publication as well. We'll start with Victor.


I believe you also saw something to do with the possible project to clean up the Ganges, which I think the World Bank is trying to spend a billion dollars on. Can you tell us something about that. What did you discover about the Ganges and its problems and how you might help?

DR. KIM: It was one of the most striking and memorable parts of the trip. We were in Gulaothi in Uttar Pradesh, and we looked at how the Nala, the different waterways, are actually dumping raw sewage into the Ganga in this particular city. It was something like 250 million liters of untreated sewage.
Now, the government is, at the highest level, working on cleaning up the Ganga. It's a big project. This is an enormous project. It's about the treatment of sewage; it's about ensuring that there is clean water for everyone. But I think my team was very purposeful in bringing me there to understand the scale of the challenge we face.

So, as a medical doctor, of course, the implications of having all of this untreated sewage are enormous. There are vector-borne diseases, lack of access to clean water. It has a direct impact not only on the health but we think this is an economic growth issue as well. We have got to make progress on this particular project.

We're, as you know, we’re committed to it, as you mentioned, and we look forward to working with the Indian Government on the project. It's going to be a long-term project. It's not going to be one that we can solve quickly and easily. Sewage treatment plants, et cetera, need to be established, but we're very committed to doing it.

MODERATOR: Yes, please go ahead, the lady.

QUESTION: My name is Patralekha Chatterjee. I am a development, independent development columnist and write for the British Medical Journal and many other--also Indian papers.

My special interest is in health care and I want to ask you as a medical doctor and a health expert whose work is widely lauded all over the world, what is your view on universal health care?

Now, this is an issue that India is debating like a lot of countries. We have different views on how this can be done, and even within the establishment, we don't see a consensus, not a real consensus. So, what is your view? Is this the way to go ahead?

DR. KIM: Well, one of the things that has become a slogan is how the World Bank, since I've been here--is that the implementation and delivery, execution are the key. So, you can make a commitment to universal health care which, on a personal level, I've made that commitment all my life. I believe that every person in the world should have access to decent health care.

On the other hand, how are you going to implement it? How are you going to do it? And that's why I'm going to get involved personally here in India. I don't get personally involved
in very many projects, but among the few that I'm going to personally get involved in is this one.

I know of great examples where even in very poor countries they have said, "We're going to build integrated health systems that can deliver across the priorities." Now, that is effectively universal health coverage in the sense that these countries have also committed to health insurance for everyone, access for everyone.

But making declarations about universal health coverage is one thing, building the systems that can actually deliver it, that's the big issue, and that's what we'll focus on here in India with the very, very top leaders of this country.

QUESTION: I'm Srivatsa from Business Line.

My question to you is that you just said that World Bank is committed to continue its $3- to $5 billion engagement with India. So, the question is, in your leadership, do we see any sectoral shifts, given that the need for infrastructure development is more important, or is it going to be the same priorities which was there earlier?

DR. KIM: Well, this is a dynamic process, and we're constantly talking with the leaders in government about what their priorities are and we're trying to match our engagement with the priorities.

So, for example, one new priority—-not "new," but one emerging and ever-increasing in importance priority is urbanization. So, this is one of the areas that we'll focus on, 10 million people going from the rural to the urban areas every year. This is an issue that we have to focus on.

The other, and one that's been clearly communicated by the leadership here in India, is that we need to focus on the low-income states. That's why I went to UP, and we need to be successful in those areas.

Think of it: we want to end poverty in this generation. What's that going to take? We are not going to get there unless we are successful in UP and successful in India. So, that will be another area of focus.

But again, this is not one where we call the shots. This is one in which we come to an agreement with the government.
MODERATOR: Prasad.

QUESTION: Yeah, Prasad from Dow Jones. [Unclear] you visited with Uttar Pradesh where India's largest number of poor people live. The World Bank Group as a whole, is it giving more--greater emphasis on the state for improving the basic infrastructure and improving the living conditions of the poor people so that the overall goal of the World Bank Group in similar projects in India becomes more fruitful and successful in the country?

DR. KIM: Yes, absolutely.

So, you know, there is a lot to do in Uttar Pradesh. We know that we have to create more jobs in Uttar Pradesh. We know that we have to improve health care systems. Just last night, the Prime Minister told me that India has done very well in getting children in schools. Now, the next step is to make sure that all the children are learning, that they stay in school, that they are promoted. These are the kinds of commitments that we have to make now.

Our hope is that, as we are successful and as we continue to engage in states like Uttar Pradesh that we will be able to capture those lessons and then spread them not only to other states in India, but to the entire world.

The reason I'm engaging personally in India, because I do believe that successes here can have huge impact in other parts of the world.

QUESTION: Mita Vala [phonetic] Reuters, over here.

I have two questions. One is on gender empowerment, women and girls' empowerment and how committed is the World Bank to this. What percentage of funds in terms of credit are you giving to India to tackle this issue?

And also, on the issue of child malnutrition, India is unlikely to meet the MDG goal on child malnutrition and I was wondering in terms of what the World Bank was doing in trying to help India combat this problem. A recent audit of the ICDS scheme, which is run primarily for child malnutrition and child welfare, found serious flaws in the scheme which has been running for almost four decades. Thank you.
DR. KIM: Yeah. So, let me give you sort of our general World Bank Group position on this issue, and then I will ask Onno to speak about specific programs.

So, starting from the time when we wrote the World Development Report on gender, gender equality has become a very, very top issue. And so, for me, I was born in Korea in 1959. The status of women in Korea was very low in 1959, but I have seen an evolution in that country, first, to ensure that women participate in the workforce, then to ensure that women have equal rights, and now we have a woman president of South Korea.

And the lesson that I try to draw from that in a very personal way is that, unless you put women at the center of the development process, unless you move aggressively toward gender equality, it's not just that you're doing the wrong thing in terms of human rights, you're doing the wrong thing economically, that if you want to grow economically, you've got to focus on gender equality.

So, we couldn't be more committed to this issue. We know that this is an issue that is very important to India.

In terms of child malnutrition, we've just established a mechanism to really expand our efforts around Millennium Development Goals 4 and 5 on maternal and child health. It's an area that I've worked on personally for a very long time. It's an area that is very, very important for me, and I'm not giving up. We have 1,000 days until the Millennium Development Goals 2015 deadline is up, and we're going to work furiously between now and then to help India and all other countries make progress toward the MGDs, and maybe Onno can take on some of the specific questions.

MR. RUHL: Thank you. You know, I don't think that we should think of what percentage of the portfolio is focused on women, where that sort of makes it like a separate topic, whereas Dr. Kim clearly illustrated it's about the central role of women in the economic process. I think you do know that our role—the livelihoods suite of projects is actually entirely focused on using women's empowerment, and we're particularly proud of the success that we've had in Behar.

But I think it's also important to take the call that Dr. Kim gave, and he spoke about it so eloquently earlier with the youth, to realize that every project needs to contribute to enhancing the role of women for economic development, because the goal cannot be achieved without it.
So, the goal for—the answer to your question is 100 percent, but you will not see women in the title of every project. So, that's what we're working towards. It is a real challenge but it is a challenge that we're taking up in the team very seriously.

**QUESTION:** [Unclear] from Indian Express.

**MODERATOR:** Sorry, could you go one at a time. This gentleman in the white shirt, please.

**QUESTION:** [Unclear]. So, there is a strong opinion in India that World Bank [unclear] policies are basically anti-poor and pro-rich and pro-MNCs. What's your take on that?

**DR. KIM:** Pro what?

**QUESTION:** MNCs.

**DR. KIM:** So, let me tell you a little story.

When I graduated from college, the very first trip I made to Washington, D.C. was to participate in a protest against the World Bank Group called "Fifty Years is Enough." And at that time, we argued that because the World Bank was so prescriptive, that it only focused on growth, that it didn't focus on health, education, and social protection, that the World Bank should go out of business on its 50th anniversary.

I participated in that protest. I edited a book called "Dying for Growth" that specifically argued that health is important and shouldn't be an afterthought to economic growth.

And here I am, President of the World Bank Group.

[Laughter]

**DR. KIM:** and I think what it means is that, I have to tell you, I've not seen many institutions that have evolved as much as the World Bank Group. We have to focus on economic growth. Economic growth is critical. Without economic growth, you can't lift people out of poverty.

On the other hand, we at the World Bank have created a lot of the data that shows that investing in health is very important and investing in education is critical, that social
protection programs that link health, education, and social protection not only are good for the people in terms of their ability to consume, but it actually contributes to economic growth, right?

So, this is not your father's World Bank Group that is here in India today. First of all, I'm the President of the World Bank Group. I've spent every moment of my adult life, practically, on fighting poverty, but we have to be smart about it.

If you think that simple redistribution without growth is going to get you to where you want to go, you're simply wrong in today's world. You have to have growth, but we have learned what is the problem in the Arab Spring countries. They had GDP growth without inclusion.

In Tunisia, where I just visited, the highest levels of unemployment are among college-educated people. So, there are fundamental things that we've got to get right. We've got to make sure that growth happens, we've got to make sure that growth happens especially in the private sector, and we have to make sure that it's inclusive, especially of young people, of women, and we would argue, even inclusive of future generations. Climate change is a real issue, we've got to tackle it now.

So, I'm very proud to be President of the World Bank Group, especially because the World Bank Group has listened to its own data and evidence and has evolved to give a message that, I think, for me, is very inspiring: End poverty, stimulate economic growth, but an economic growth that includes everyone.

**QUESTION:** [Off microphone.]--schemes right now, and she just mentioned the ICDS scheme, there is an audit report which showed that money has been diverted. So, for schemes like ICDS, which is to tackle child malnutrition, do you think that cash transfers can be a way out?

**DR. KIM:** Well, I'll ask Onno to make some specific comments, but for me, first of all, on the diversions, the fact that there may have been diversions. First of all, you would never know there had been diversions unless CAG actually discovered them. And so, the fact that there's a group that's looking for diversions inside programs is really important, and we applaud it and we think it's exactly the right thing to do.

The other thing is that we've had a very broad experience in the world with cash transfer programs, and what we know is that they can be extremely effective, not only at increasing the consumptive capacity of the poorest people, but also linking these cash transfer
programs with other outcomes, for example, cash transfer programs have been linked to child education, to nutrition, and even to the education of mothers who receive these cash transfers.

The evidence for the effectiveness of those programs is overwhelming, and so we support those. We support them especially when they're linked to other sectors in the economy, but maybe Onno would want to tackle some specific questions.

**MR. RUHL:** Well, I just wanted to tell you that the week before last, I was in Bihar, with the Minister of Social Protection and she told us how she was struggling to actually get more of the ICDS money to the angadwadi centers and deliver services, and it was a very compelling and moving story, in fact of her personal struggle to achieve that.

What we are trying to do in our support to ICDS is actually help build the systems that make that more likely, which is what the government also is wanting to do, which is to use technology to get better results for programs that, as Dr. Kim says, are proven to work.

I think it's a great direction to work. It's obviously a lot of work to get there, but it is something we are committed to supporting.

**MODERATOR:** We have a very limited time, so we will take only two more questions. [Unclear], go ahead.

**QUESTION:** Could you give more clarity on if India will continue to receive IDA. There has been a lot of talk about it, debate, because India has moved to middle-income group.

**DR. KIM:** So, we're in the middle of discussions right now about an IDA transition strategy. So, unfortunately, I can't give you any more specific details. We're in the midst of discussing with the IDA Deputies of the countries, our member countries, about just how to do that.

But what I wanted to be clear on today is that we're going to be as creative as we possibly be to maintain our commitment to India at very high levels.

India is our biggest client and we have to stay there, and it's for very clear reasons. We're--our whole organization is coalescing around this notion of ending poverty.

What that means is that it is not that we're just concerned with poor countries, we're concerned with poor people. Four hundred million people live in India. There's no way we
can accomplish our goals as an organization, goals that the world shares, without deep engagement in India. So, we're going to find ways.

You know, three to five billion is one part of it, but what we hope, especially working through IFC, is that our three to five billion, it can leverage many billions more for investment in India.

So, we believe that India is a good investment. We need to make that clear to everyone else, and we're going to deepen our engagement as much as we possibly can, using every bit of flexibility and creativity to get there.

**MODERATOR:** Last question.

**QUESTION:** Hi, Dr. Kim, I'm Shu Bin [phonetic] from Bloomberg TV. So, my question is you met the Finance Minister and [unclear 0:19:53] Finance Minister on the first day of your visit here. What were some of the concerns that were discussed in the meetings with them, particularly relating to growth?

And what brings the optimism that India will come back on the growth path and will grow at a rate of above 6 percent in the next fiscal year?

**DR. KIM:** Well, we talked about a broad range of issues, including the estimates of growth. I'm going to ask Martin Rama, our Chief Economist, to make some comments specifically on the rationale for these estimates.

But I think what was most remarkable about my meeting with the Finance Minister is he took a very holistic view of growth, and that was extremely encouraging to me. We talked about infrastructure and about the need for the government to work very closely with the private sector to make sure that that $1 trillion gap is filled.

We talked about how public-private partnerships can play a larger role in spurring growth in India.

And we also talked the critical investments in human capital that India is committed to right now.

All that together suggests to me that they understand that growth is multifaceted, that you've got to make the infrastructure investments, you've got to make sure that the private
sector is growing, and you also have to think in the medium and long term about investments in human capital, but I'll ask Martin to make some comments.

**MR. RAMA:** Thanks, Jim.

Yes, this has been a period of high uncertainty in the global markets and also uncertainties—also there has been uncertainty among investors. We are seeing now some reasons for optimism about the global economy, the budget that India is having now and the budget declarations have also removed quite a lot of uncertainty in terms of the commitment to stability of the government, and we are seeing signs of the economy having bottomed up and coming back.

Now, 6 percent is not a spectacular growth figure. India's potential is much higher. India has many things going for it. So, it is not being overly ambitious to say that this can be accomplished. We believe that the challenge is how to go back from there to the potential that India has.

**MODERATOR:** Okay. Dr. Kim is ready to take two more.

So, the lady with the mike and the gentleman behind her after that.

**QUESTION:** Aima Runa [phonetic] from [unclear 0:22:02] TV.

I want to ask you, many reforms, first implemented in India, now in the Pradesh State. So, after ten years, what is your experiences?

**DR. KIM:** Can you make it more specific?

**QUESTION:** I am asking you, in India, many reforms, first implemented in Uttar Pradesh. So, after ten years, what is your experiences?

**DR. KIM:** Yeah, I actually don't know that details.

**MODERATOR:** Ask a specific sector or anything related to that.

Yeah, go ahead, please.

**QUESTION:** Hi, sir, I'm Bran Ija [phonetic] with CNBC.
You talked about the need for investments in the country, but specifically on the issue of the ease of which—the ease of doing business in India, the country, however, unfortunately, ranks very low, even according to World Bank estimates.

Following your meetings with the Finance Minister, the Prime Minister, is there any reason that makes you more optimistic that India will crawl up the ladder of the ratings that you come up with regularly on the ease of doing business worldwide?

**DR. KIM:** Yes, so, India is growing and investment is coming in, right? So, what we look at in the Doing Business Report is on very specific things. How long does it take to register a business? How many procedures are involved? And in meetings with the Minister of Finance and the relatively new Chief Economic Advisor, there is a very strong commitment to making it easier to do business in India.

Now, we have to understand what that means, and let me relate it to the question that all the World Bank cares about is multinational corporations. First of all, it's totally not true, and what we're trying to do is to say very simple things.

Okay. So, there are countries in the world that have looked at the Doing Business Report in a very positive way saying, "Hey, this is our way of improving some of our procedures." You know, Russia has made a very specific commitment. They want to go from above 100 down into the top 20 and then making it a specific goal.

Rwanda has moved up a lot, for example, in their Doing Business Report, and they've gone from taking 99 days to register a business to 2 days.

So, the good news is that these things are doable. This is not a grand political economy issue, this is a nuts and bolts procedural issue, how dense is the bureaucracy.

I see a commitment here in India to make it easier, especially for small and medium enterprises, because that's what we look at. Make it easier for small and medium enterprises, especially Indian ones, to register their businesses and move forward.

We think it's important for everybody. I was impressed with both the Chief Economist and the Finance Minister's commitment to moving in that direction.

**MODERATOR:** Thank you, everyone, for your excellent questions and thank you, Dr. Kim, for your time on that.
DR. KIM: Thank you.