Speech by World Bank Group President Jim Yong Kim at the Global Launch of “Poverty In A Rising Africa” Report

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World Bank Group President Jim Yong Kim
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President Mahama, Prime Minister Matata, President Adesina, dignitaries, Your Majesty Paramount Chief of Jamestown, good people of Jamestown and Accra, and all of Ghana! I greet you all.

I’m so happy to be here today. I’ve been thinking about today for a long time – today we are commemorating End Poverty Day, the first time the World Bank Group has done so, but we will be doing this every year now with the United Nations and other partners. For many people, ending extreme poverty in the world may seem like an impossible dream. There’s the old saying that the poor will always be among us. I’m here to say that is not true, that we can and must be the first generation in human history to end extreme poverty in the world.

At the World Bank Group, that’s part of our mission -- to end extreme poverty by 2030 and to boost shared prosperity for the bottom 40 percent of the populations in developing countries. We are making progress toward achieving these goals – we just announced the best news in the world today: Global poverty is now below 10 percent. This is the first time that the percentage of those living in extreme poverty has fallen into the single digits. Our goals at the World Bank Group have given us a clarity of purpose and forced us to align our work to supporting the poor and the vulnerable, and to preserve our planet for future generations.
That’s why we’re in Ghana today. We came from Washington, from Kinshasa, from Abidjan, from Lagos, to be in Jamestown to recognize the progress that Ghana has made over the past two decades, thanks a succession of governments and also thanks to the demands of Ghanaian people to end extreme poverty. In just 20 years, Ghana has cut its poverty rate by more than one half, from 52 percent in 1991 to 21 percent in 2012.

We’re launching a World Bank Group flagship report today titled “Poverty In A Rising Africa.” The report traces two decades of unprecedented economic growth on the continent with messages that are both encouraging and sobering. The good news is that economic growth coupled with specific health and education interventions have contributed to improving people’s lives, and contributed in many countries, such as Ghana, to major reductions in poverty. School enrollments are now at 74 percent across the continent, up from 55 percent in 1990. Life expectancy has risen six years in the last decade. Since 2000, the number of children dying from malaria has been reduced by 40 percent; and the number and under-five deaths from tetanus, pertussis and measles have declined by 75 percent.

All of that is encouraging -- but Africa can and must do so much more. We project that there are 347 million people living in extreme poverty in Africa today – that is roughly 50 percent of the world’s poor. Compared to 1990, the percentage of people living in poverty in Africa has significantly dropped, but in terms of sheer numbers of people it is higher, because of rapid population growth. Today we estimate that Africa has 63 million more people living in poverty than it did in 1990. Adult literacy rates have increased just 4 percent between 1995 and 2012, compared to 17 percent increase in South Asia.

In the coming years, we also know that the world’s poor will be increasingly concentrated in Africa, and that poverty reduction will likely remain the slowest – and hardest -- in fragile countries, and rural areas.

But Ghana’s experiences in reducing extreme poverty are valuable for the rest of the continent and the world. Few Sub-Saharan countries managed to reduce poverty this quickly and steadily – Ethiopia and Rwanda are two other good examples. Few also have been measuring poverty as consistently as Ghana – which has conducted several high-quality surveys in the last 20 years.

We see three reasons for Ghana’s success. The first is a structural transformation – a shift out of agriculture that led to an increase in non-agricultural self-employment and, to a lesser
degree, wage jobs. Improving the agricultural sector here and elsewhere in Africa, however, will be critical to further reduce extreme poverty. The second reason is that Ghana has invested in its people, specifically in education. Today, workers without any schooling are a tiny minority in most parts of the country. And third, the country’s urban areas have grown quickly, creating more and higher-paying jobs.

We know that Ghana, like other countries around the world, faces a challenging macroeconomic situation. Nevertheless, if Ghana continues improving the macroeconomic situation, if it invests in infrastructure and skills development, and if it expands social protection, the country will be on a path toward growth and shared prosperity.

On the lack of infrastructure, access to energy is a glaring need. Only one in three people in sub-Saharan Africa has access to electricity and, when available, it can be unreliable and unaffordable. In most countries, infrastructure is a major constraint on doing business. It has been found to depress business productivity by around 40 percent in some places.

Ghanaians in particular are familiar with this problem. You even have a name for energy rationing -- “dum-sor,” or “on-off.” The single-largest economic issue in Ghana is a lack of consistent electricity, even if the country has made progress in increasing access in recent years. Still, the private sector cannot thrive without access to reliable and competitively priced modern energy.

Let me give the example of how it affects one business here in Ghana – a company called Blue Skies, which employs about 3,000 people, most of them under the age of 30. The company delivers fresh fruit and juices to supermarkets in Europe each year. But when the power goes out – a near-daily occurrence – Blue Skies relies on diesel-powered generators to keep production going. The company has already spent about $330,000 on back-up fuel this year.

We are now helping Ghana increase its supply of clean and affordable energy. We’re providing $700 million dollars in guarantees for Ghana’s Sankofa gas project. This will fuel up to 40 percent of Ghana’s currently installed generation capacity, improve the reliability, and replace polluting fuels with cleaner, more affordable resources. Ghana will be able to reduce oil imports by 12 million barrels per year and CO2 emissions by around 8 million tons over five years.

This won’t fix Ghana’s energy constraints, but improving the availability of clean-energy supply is an important part of the solution. These are the types of solutions that Ghana and
other African countries will need to attract and grow businesses, to create jobs, and to help people lift themselves out of poverty – and stay out of poverty.

Today, Ghana and all developing countries face a significant major global economic slowdown, which will have great impact on our efforts to end extreme poverty. That means that all African leaders must make tough decisions to grow their economies, invest in their people, and build safety nets so that people don’t fall back into poverty. These tough economic times also means that Africans must demand that their leaders make these tough choices to grow economies in ways that include women, young people, and all who are poor.

We must have high aspirations for the poor especially now -- because low aspirations can literally be deadly for them. We must listen to the aspirations of the poor and lift up our own to meet them. Ghana has been a leading example in Africa for more than two decades in reducing extreme poverty. We firmly believe that Ghana will be a strong leader on behalf of the poor in the years ahead, as we move toward our shared goal of ending extreme poverty in the world in just 15 years.

We can and we must be the first generation to end extreme poverty in the world.

Thank you very much.