Transcript: Pre-Spring Meetings Bloggers Teleconference with World Bank Group President Jim Yong Kim

April 16, 2013

World Bank Group President Jim Yong Kim
Washington, DC, United States

Transcript

JOHN DONNELLY: Hi, everyone. My name is John Donnelly, I'm the Communications Advisor to Jim Yong Kim, the President of the World Bank Group.

Just a couple of ground rules before I turn it over to President Kim. This will be an on-the-record call. We actually have only about 30 to 35 minutes, so I would ask you to just get to the point quickly in your questions, and Dr. Kim will also get to the point pretty quickly with his answers.

We would just like to get as many questions as we possibly can.

So, let me turn it over to President Kim and, after his statement, we'll take your questions.

DR. KIM: Good morning, everyone, and thank you for taking the time to join this call. I know that we have people on the call who have strong connections to Boston, as do I, and are thoughts and prayers go out to the people of Boston after the tragedy of yesterday. I'll make a brief statement and I'll be happy to take your questions.

Just a couple of weeks ago, I outlined an ambitious agenda to the global community that called for a two-pronged approach to a world free of poverty. The first is virtually ending extreme poverty by 2030, and the second is promoting shared prosperity by fostering income growth for the bottom 40 percent of the population in every country.
And also, we made clear the notion that when we say "shared prosperity," we mean shared with future generations as well.

I have no doubt that the world can end extreme poverty within a generation, but we'll need three things to happen.

First, we must see an acceleration of the growth that we've observed in the developed world over the past 15 years.

Second, growth has to translate into poverty reduction and job creation, and it must be inclusive and curb inequality.

And third, we must avert or mitigate potential shocks such as climate disasters or new food, fuel, or financial crises.

Let me say a few words on climate change, and then the menu here on the call closely cover issues around climate, energy, and poverty.

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

We're concerned that unless the world takes bold action now, a disastrously warming planet threatens to put prosperity out of reach of millions and roll back decades of development and poverty alleviation.

At the World Bank Group, we're stepping up our mitigation, adaptation, and disaster risk management work. Some 130 countries have asked the World Bank for assistance in climate-related work. Our projects have helped replace 45 million inefficient light bulbs in Mexico, provided solar energy for 1.4 million homes in Bangladesh, and supported 7.8 million people affected by droughts in Ethiopia through safety nets. But we know that we haven't done enough.

When I meet people working on climate change issues, I always ask them, "What's the plan?" We need a global plan that can actually meet the challenge of climate change, and we don't have one, yet.

We believe that a global plan will need to combine different elements, building clean cities, placing a value on carbon, expanding climate smart agriculture, removing harmful fossil fuel
subsidies, and ramping up access to sustainable energy so that everyone has access to electricity.

Given our comparative advantages, the World Bank Group is particularly focusing on three areas: Building low-carbon, climate-resilient cities by mobilizing direct finance and expertise; moving forward on climate-smart agriculture that would also help reduce malnutrition; and providing clean energy to the 1.2 billion people who have no access to modern energy.

Expanding access to sustainable energy for the poorest and most marginalized people in this world will be a key driver to helping the world meet the goal of ending extreme poverty.

Unless developing countries have greater access to electricity, we will not be able to generate the growth needed to create jobs that improve the livelihoods of those living in extreme poverty.

We will never end poverty if we don't tackle climate change, but we also have to make sure that poor countries have the energy they need to light schools, heat homes, keep medicines refrigerated, and cook meals.

The way ahead is to greatly accelerate renewable energy sources. We're doing that now. Our investments have doubled in the last five years in this area, but we have much more to do.

Thanks very much, and now I'll take your questions.

OPERATOR: Thank you. If you would like to ask a question, please press star one and record your name after the prompt. To withdraw your question, you may press star two. Once again, that is star one and record your name.

JOHN DONNELLY: And this is John Donnelly again. One thing that we'll do after the call is to send you the prepared statements that President Kim just gave.

OPERATOR: Our first question is from Andrew Revkin, New York Times. Your line is open.

NEW YORK TIMES: Hey, thanks for holding the call.
One thing I wanted to ask is about—there seems to be a disconnect that's pretty powerful between the energy access goals and some of the ways you framed the climate goals in other discussions.

You know, there is actually talk of still having hundreds of millions if not a billion people without electricity access by 2030. So, how do you—and the notion that all energy needs to be clean, meaning that someone cooking with firewood now would need to go to a solar oven as opposed to maybe just going to a more efficient firewood stove in the intervening time, or even charcoal, or electricity or propane—you know, I got the sense—I keep hearing clean energy for all instead of energy for all that we really need it and we need to focus on our energy norms and over-energized parts of the world more.

Can you just get into that a little bit?

**DR. KIM:** Sure.

You know, Andrew, for example, in Africa, what we're looking at—and I've just been meeting with my team on this issue, both in the public sector side—this is the so-called World Bank as we know it, but also on IFC, the private sector side.

Look, the goal in Africa has to be rapid scale up of access to energy. I mean, there's just going to be no way that Africa is going to be able to lift its people out of poverty without access to energy.

And the interesting thing is that, if you look at all the possible different sources, and particularly if you look at hydroelectric power and geothermal power and then also look at small-scale solar, there's a possibility that those kinds of efforts can be scaled up very quickly, and that Africa could be going much more quickly down the path of the cleanest energy in the world for the entire continent.

Now, of course, you know, that still leaves the problem of China, U.S. and Europe. And you know, I think that what's been very powerful over the last few years is that extreme weather events—I think that the science is really finally beginning to click in in people's brains. I think there's a real change.

And in my own very quiet conversations with leaders throughout the developed world and the rapidly developing world, especially places like China, I sense a completely new
commitment to tackling the climate change issue, and you know, we're going to have to get into very difficult issues in the developed world.

In the developing world, which is where most of our work happens, I'm extremely optimistic about many areas. I think we can build much cleaner cities. I think the triple-win scenario of climate-smart agriculture is just a no-brainer. I mean, if we can increase yields, put more carbon back into the earth and prevent malnutrition, there's just no question that we should go down that path.

And finally, we think there are, really, clear paths to clean energy for everyone.

Now, you know, we've got 188 member countries. They've all got different views on this issue. I think the overall awareness of climate change is increasing dramatically, even among our Board members, but what I would say is that we are the organization that has to walk this fine line. On the one hand, we must ensure access to energy. On the other hand, because we're so involved in areas that directly impact climate change, we have to be on the leading, cutting edge of making the argument that the response has to be much more aggressive and has to be right now.

NEW YORK TIMES: Thanks.

OPERATOR: Once again to ask a question please press star one and record your name and media affiliation.

Our next call is Kelly Rigg for Global Call for Climate Action.

GCCA: Hi, yes, thank you. Thank you, Dr. Kim, in particular, for all the leadership you're showing on climate. It's great to hear that. And it's also great to hear that your clean energy investments have doubled; although, I would also note that, in the last five years, nearly half of your energy investments have still gone into fossil fuels and, of course, right now, there's a big controversy over World Bank support for the proposed coal-fired power plant in Kosovo. And I wonder if you could comment on that and then also just let us know what you think needs to happen in order to really change that trajectory and get the World Bank away from fossil fuels and on to making nearly all of your investments in renewable energy.
DR. KIM: Yeah, well, we would certainly love to be able to move in the direction of having all of our investments go into renewable energy, but as I said, we've got to face this issue of people needing energy. And in Kosovo, this is not--this is a very fundamental issue because they have people freezing to death for lack of heat. And so, the energy needs in Kosovo are so grave right now.

And what I have asked our team to do is to look for any possible way of avoiding investment in coal.

Now, I think, though, that in places like Kosovo, and there--and thankfully, there aren't very many of them around the world--we may end up having to do, having to make investments that I have to tell you, on a personal level, I'd prefer not to do.

But because we have a 188 member countries and Kosovo is one of them, and because they are making the case on a fundamental humanitarian basis that they need energy and, more importantly, the fact that whatever carbon Kosovo puts into the air because of its coal plant is miniscule--I mean, insignificant compared to the coal-powered carbon emissions that are put into the air by the United States, Europe, and China. We feel, in this case, for humanitarian reasons, we have to go forward. But we are doing everything we can to get away from it.

Now, I've asked everyone in the World Bank Group to be as aggressive as possible, to find any possible path to moving towards renewables. So, we know we have work to do. We've got to look at every single project we do, and we know that we have to walk the talk.

But I still would say that you've got to look at the overall emissions of the developing countries. You know, if you remove China from the equation, the developing countries that emit less than a third of all the carbon and places like Kosovo and Sub-Saharan Africa, it's a tiny percentage.

And so, we feel that, in this particular case, we've got make sure they have energy and then do everything we can in everything else we do to go to clean energy.

GCCA: Thank you.

OPERATOR: Once again to ask a question please press star one and record your name and media affiliation.
There are no further questions at this time.

We do have a question from Andrew Revkin, New York Times.

Your line is open.

NEW YORK TIMES: So, I'll put in a follow-up, because there's nothing happening. And really, there's so much to talk about and it's really great that you're doing this. A few years ago, I wrote a piece about what I proposed you could call "orphaned gas," meaning orphaned energy, like in Africa, particularly, there's so much flaring in natural gas. The companies that I talked to at the time, they have huge reserves of gas in Sub-Saharan Africa, but it goes begging because they say there's no--their only markets--they're not in Africa. So, it seems like a great place to think about what can the World Bank or other institutions do to foster a cleaner fossil fuel, as a bridge, again, to a post-fossil energy system in Africa.

Is there anything to be done there?

DR. KIM: Yes. There's all kinds of things that we're doing. First of all, one of the things that we're trying to do is just to ensure that whatever is happening in the extractive industry is transparent. In fact, there's something called the Extractive Industry Transparency Initiative where we just want to be clear on what's happening.

And many of the African governments are negotiating deals right now--and we're even involved in helping them just to make sure that, legally, they're in a good place.

Now, you know, I've talked to the best people in this business, Andrew, and there are not that many people who think we can completely switch to renewables within the next few years or the next decade, but there's going to have to be a transition. And from our perspective, as we look specifically at Africa, we think there are tremendous opportunities.

And for deeply impoverished countries, they're looking at their minimum reserves as a way of potentially lifting their people out of poverty.

Now, if we can go in these two directions of supplying massive amounts of energy to the African people in using renewable sources and, at the same time, having an approach to their natural resources that is beneficial, that the process of it will go into supporting health, education, and social protection programs, that they get a fair deal, and they're able to lift
people out of poverty. We think that would be a very positive scenario for both the African people and especially for African climate change.

It's a complicated world, and this is the difficult part of it. It's a very complicated world. You've got this desperate need for energy on the one hand and a desperate need to tackle climate change. And in our efforts to engage with everyone in this field, we're going to take it step by step, and we really feel that fighting for access to energy and, at the same time, fighting against climate change are compatible.

**NEW YORK TIMES:** Now I'm not sure if you can hear me for a quick follow-up, but the other end of the least-developed picture, there seems to be huge potential for ground up, village by village models for energy access, whether it's biogas or small solar or whatever, but there doesn't seem to be--one other thing I hear consistently is the World Bank and other institutions like that have a bias, whether it's intentional or not toward the big--for projects that are big. Is there a way to scale your initiatives in any way that fosters that ground up million little experiment kind of approach to finance?

**DR. KIM:** We're looking at that right now, Andrew, because microgrids may be the best answer for rural areas.

And we've done relatively smaller things in Bangladesh. We went from just a few thousand homes having solar power on their roofs to 1.4 million. So, we've been able to do it, but it's a matter of us tweaking our instruments a bit so that we can do these small-scale projects. That's not traditionally what we've done because our funding has been better for the large-scale infrastructure projects.

But now that we know how important microgrids will be in the rural areas, we're looking now to see if there's some way that we can push this along.

For example, you know, it looks like those kinds of microgrids in rural areas could actually be a profitable private sector enterprise. And so, we do have the International Finance Corporation, and IFC now is really looking into making major investments in those companies.

And you know, often, what they need is really access to capital and some sort of insurance from a group like IFC so other investors can come in.
And if we can do that—in other words, we're going to figure out a way to be able to push that process along. It just makes too much sense not.

**NEW YORK TIMES:** Well, it's very credible considering how many--it's pretty clear a big chunk of the world will never be on what we call the conventional grid.

**DR. KIM:** Right. I mean, it just--yes, the--we just have to understand those limitations and I think also have to be very encouraged by some of the great successes we see in the building of microgrids.

**NEW YORK TIMES:** Great, thanks.

**OPERATOR:** Our next question is from Tom Murphy, Humanosphere.
Your line is open.

**HUMANOSPHERE:** Thank you, Dr. Kim.

I wanted to ask you a two-pronged question about the goal to end extreme poverty, the first half being that the largest gains have been in kind of these BRICS countries, so we're looking at Brazil and India and China, and now that they've moved into middle-income status, they have a different relationship with donors and with the Bank.

And then, you also have Sub-Saharan Africa, where extreme poverty is rather persistent.

So, how do you, from the Bank's perspective, see taking on and ending extreme poverty in this way and also kind of encourage this kind of inclusive growth that you've spoken about long through your career.

**DR. KIM:** Yeah, thanks, Tom.

You know, we are still extremely involved in all the BRICS countries. You know, our lending volume is not that high in South Africa, but in the other four BRICS countries, we are extremely involved.

And just to give you an example, in China, they have grown so rapidly, they've lifted 600 million people out of poverty over the last couple of decades. It's the greatest poverty alleviation in the history of human society, and yet we're working very closely with them because they've got new problems.
The issue that we're working with them on is urbanization. Now, they're going to have hundreds of millions of people moving into the cities over the next years and in order to meet that demand, they want to build clean cities.

Their experience over the past several months ago with the pollution in Beijing and the data that came out suggesting that 1.2 million people died because of pollution has, I think, in my understanding, and in talking with Chinese officials, fundamentally changed the way they think about both pollution and its relationship to climate change.

So, there's a lot of work for us to do, still, a lot of work for us to do in India, of course. India has 400 million people living in extreme poverty, and the extent of the work left in India is also huge.

Now, we are deeply engaged in the BRICS countries. We know that without massive progress in India we'll never reach our ending extreme poverty target. So, I see more work.

Now, you know, there are specific issues in the World Bank Group. We have a single-borrower limit, and we're reaching that with some of the BRICS countries, but there's a commitment here at the World Bank to rethink all of these issues, because if we agree that the mission of the World Bank is to end extreme poverty and build shared prosperity, there's no question we have to be involved with the middle-income countries, where more than 70 percent of the people living in extreme poverty live in the middle-income countries.

So, we're having that discussion, but my guess is that, over the next five to ten years, our involvement in middle-income countries will not go down; in fact, I think it will go up.

**OPERATOR:** Once again to ask a question, please press star one.

Kelly Rigg at Global Call for Climate Action, your line is open.

**GCCA:** Hi, yes, I just wanted to ask a follow-on question from my previous one. I understand and totally imagine what kind of frustrations you have in trying to bring all countries on board with your vision, and obviously every decision is not in your hands.

But at the same time, the World Bank sends very clear and huge signals. So, going back to this question of Kosovo, I'm just wondering what alternatives were considered that doesn't involve a long-term lock-in sort of solution, the kind that the IEA has warned about, for example, fixing up the grid or energy efficiency kind of work, that sort of thing.
And secondly, if you could say something mentioned in your initial opening statement about work you're doing on fossil fuel subsidies. So, if you could also comment on what's new there, what can we expect to see that will take us forward.

DR. KIM: Yes, well, so, I haven't spoken with our Kosovo team recently, and that's not yet going to go forward. We're still in the early planning stages.

But what I've asked them to do is just, please, to look at every single possibility. And most options for going to sustainable energy would require massive infusions of cash. I mean, it's a very expensive proposition to move from the coal they have to renewable sources. And so, we're going to look for those. We're going to do everything we can to avoid that.

But I think we also have to turn around and say, "Come on, let's be realistic here." You know, there are coal plants that are still being built all over the world and this is a very small country.

And in this case, from my perspective, the climate change and the coal issue is one thing, but the humanitarian issue is another, and we cannot turn our backs on the people of Kosovo who face freezing to death if we don't move in.

And moreover, if we don't move in and if we walk away from it--I mean, we could do that. We could just walk away from it and say, "Oh, well, we don't want to dirty our hands on this one," well, we're almost certain that, if we do that, the coal plan that is built will be much dirtier than the one that would be built if we walked in.

So, I just--I think that, for me, as President of the World Bank Group, I have to at once be very practical, but on the other hand, as someone trained in science, I have to be as aggressive as I can be in trying to notch every single win we can in the pursuit of tackling the problem of climate change.

Kosovo is just difficult. It's just difficult. You know, Kelly, if you have some options, let me know, and I guarantee that I'll have my team look deeply into it, because I feel exactly what you're saying. I understand what you're saying. On the other hand, I have to stand with Kosovo--the people of Kosovo on the issue of energy access.

But please, I'm serious, if you have options, if you have suggestions, please let me know, because we'll look at every single one of them.
GCCA: Great, thanks. And subsidies?

DR. KIM: Subsidies: So, for example, where we're working with many different countries—like, let me give you an example.

I mean, Egypt is a country that has a huge proportion of its government expenditures going into fossil fuel subsidies. This is a very, very difficult issue for them, but we're working with them intensively right now to see if they can remove some of the fossil fuel subsidies.

Now, their overall subsidy amount, including food subsidies, amount to 8 percent of GDP, just a huge amount. We would never ask them to touch food subsidies for the poorest, but we're working with them right now to think about what the process might look like to begin removing some of the fuel subsidies.

So, you know, if they can do that and recover something like 2 or 3 percent or some significant chunk of GDP in removing the fuel subsidies, they would be in a much better position to provide basic services to their people, much better position to meet some of their payments, but you know, they're still talking about it, because it's really difficult.

So, what we are doing and what we have to continue to do is, in every single country, the political situation is usually quite clear. The government would love to remove subsidies, to take that money back to spend on things that are truly their priorities, but they face a huge backlash.

And what we do is we're coming and say, "Look, there are ways to do this that make sense." First of all, don't start with the removal of the fuel subsidy. Start with a conditional cash transfer program, for example that would target directly the poorest and so that they would be the least hit by the removal of the subsidy and then, after that, move in.

But then, of course, you know, middle class people and others will protest.

So, what we do is try to make the case that both in terms of the government expenditures because most fuel subsidies are not progressive, they're regressive, that, in terms of just public sector expenditures, it's a good idea to remove fuel subsidies. It's a good idea to then provide direct support to the poorest and we'll do everything we can to stand with you as you weather the political storm, but this is a difficult one. And we're going to continue to stand with governments but we have no illusions about this being easy.
JOHN DONNELLY: We have time for one more question.

OPERATOR: Thank you.

We do have a follow-up from Tom Murphy, Humanosphere.

HUMANOSPHERE: I want to kind of touch on the issue of food security and aid. You mentioned malnutrition a few times, tackling malnutrition, and I wanted to generally hear about, I guess, two things.

One is the—what if anything the World Bank is doing to talk to countries like the United States to reduce harmful subsidies that have impact in places like Haiti, and what the World Bank is doing in terms of disaster mitigation especially [unclear] of climate change in drought-prone areas of Sub-Saharan Africa like the Sahel Region and the Horn of Africa.

We know now that the Sahel is again experiencing food shortage problems, and so a little bit more about what's coming from the World Bank on that problem.

DR. KIM: Well, so, let me tackle it in reverse order.

So, in terms of the Sahel, the Sahel [unclear] many things but the continuous--the regular occurrence of problems with food shortages and problems in food security are an issue that we just have to tackle in a much more fundamental way.

So, what does the Sahel need? The Sahel needs energy, of course. They need food, they need sustainable agriculture, they need irrigation systems.

So, right now, we're working very closely with the United Nations, because at the same time that we tackle these economic and sustenance issues, we also have to tackle the political insecurity situation.

So, the Secretary-General and I are trying to plan a trip there together, and what we want to do is to put on the ground an approach that looks at renewable sources of energy that would supply the entire region, and an approach to climate-smart agriculture that brings in irrigation systems, that brings in the new varieties of wheat and corn that, for example, and just to be very specific, varieties of wheat that have much deeper roots that used to be used long ago, and these deeper roots do a couple of things.
First of all, they're going to increase yields and the other thing they're going to do is they're going to put more carbon back into the earth. So, there are multiple-win situations. There are new plant varieties that are said to be able to fix their own nitrogen. I mean, there's just such exciting things happening in the agricultural space and they just haven't been scaled up in the poorest countries.

So, our commitment in the Sahel is to try to find solutions to the energy, to the agriculture problem, and if we can find solutions to the energy and agriculture problem, then we can also hit poverty and malnutrition at the same time.

So, watch this space. I'm hoping that, over the next six to nine months, that we'll be able to announce a comprehensive strategy for the Sahel, along with the United Nations, that would tackle these issues of politics, security, and economic development--food security--at the same time.

Now, in terms of policies in the United States, this is a difficult issue that the politicians in the United States, that the leaders in the United States have to tackle.

You know, our position has been clear: We'll focus on the developing countries, and we think that there are many things that we have to face at the same time.

First of all, when there are acute food shortages, we do need to make sure that people don't starve to death. On the other hand, what we also know is that building sustainable, climate-smart agriculture in these countries that continue to get hit with these famines is a very important goal, and that's a goal that we're pursuing very aggressively.

JOHN DONNELLY: Thank you, everyone, for joining the call.

Again, we will send statements out to all of you. If you have any questions, please be in touch with Olivier Puech, who helped organize this, or myself.

We really appreciate it and would like to have more (of these telebriefings) as we go ahead.

Thank you.

DR. KIM: Thank you very much.