World Bank Group President Jim Yong Kim's Q&A with Media at G20 Meeting

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World Bank Group President Jim Yong Kim
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Transcript

DR. KIM: I am very thrilled and delighted to be here in Australia. The G20 meeting is tackling very important topics. First, I really welcome the focus on growth. Setting a clear target for growth and then looking carefully at the plans for each of the G20 countries to be able to increase growth by an additional two per cent has been extremely helpful. We'll see what the results are but we're already encouraged. We think that if the countries will go through with the kinds of structural reforms that they've committed to we could see a real bump in growth.

We're also very pleased with the focus on infrastructure. It's been an emphasis for us at the World Bank Group as well. The need for infrastructure just in the developing world is more than $1 trillion a year. All the multilateral development banks, together with the World Bank, the Asian Development Bank, African Development Bank and the Inter-American Development Bank plus others, together we supply about $100 billion in support for infrastructure, but that's really still a tiny fraction of the additional resources needed for infrastructure.

The Australian presidency's focus on not only putting together the funds to support infrastructure development but to build the hub in Sydney we think is a very important step and will be a strong contribution of this meeting.

So with that I'd be happy to take some questions if you have any.
FACILITATOR: If you could just say where you're from, that'd be great.

QUESTION: I'm Ian from Reuters, hi.

DR.KIM: Yes, hi Ian

QUESTION: I was wondering, in terms of the G20 members in their efforts to fight Ebola, I'm just wondering, are you happy with what they've done?

DR.KIM: Well, right now the Ebola crisis is still not under control. We see some encouraging numbers out of Liberia but we have to remember that even in Liberia we're still not to the point of being able to mount a full public health response. In other words, we're not tracing all the contacts of the people who died with Ebola. So even though the numbers are better in Liberia there's going to be much, much more to do. The numbers are getting worse in Sierra Leone and in Guinea we also don't see much improvement recently. So the response was late. And we all know that. And the thing that we all have to get our heads around is that this is just the first part of the response. We need to stop the rapid rise in new infections and then we have to get about the business of getting to zero. Ebola's not a disease where you can leave a few cases and then say that you've done good enough, you've really got to get every country to zero. So in order to get every country to zero you're going to have to see the kinds of responses that we saw in Nigeria, in the United States, in Germany, in places where we found every single person who had contact. If we want to get to the end game that's where we have to go. That's still quite a way away.

So I'm encouraged by the announcements that the Australians have made. I'm encouraged especially by the tremendous response of both the United States and the UK. But I would still say that despite the pledges and the goodwill that has been expressed we still need much, much more commitment. We've committed $1 billion, both for public and private sector support, and that represents about a third of all the global commitments. With the announcement of the United States, if that is passed in the Congress, that will, of course, be a huge - an important addition. But this is going to require many billions of dollars to get to zero in each of those three countries.

QUESTION: So…
QUESTION: What has been the response to your proposal for a contingency fund to prevent future outbreaks?

DR. KIM: There's been quite a bit of interest. We've spoken with many different ministers of finance and also I've spoken with Christine Lagarde of the International Monetary Fund and others. You know, it's a fairly straightforward idea. The idea is that we have funds to protect from other kinds of downside risks to the global economy. I just want to stress that pandemics, epidemics, are in fact very real downside risks to the global economy. They are also human tragedies. They're public health emergencies. But what we've seen is that the fear that results from outbreaks like Ebola have a very serious and widespread effect on economies.

I was just in East Africa and Ethiopia, where there still has been no cases, has seen a 20 per cent drop in the flights coming in from Ethiopian Air. In Kenya, which is very far from the epidemic, they've seen very serious drops in tourism as a result of Ebola being on the continent, not even in Kenya.

So what we're proposing is a fund that would not disburse until there was an emergency. In other words, we're not asking for huge amounts of money up front, what we're asking is that all the countries would get together and prepare to respond to the next outbreak. It would require putting together something like a global public health corps, people from all over the world who'd be ready to respond at a moment's notice; a fund that would disburse millions and then also many billions of dollars if necessary. If we had a flu pandemic that would move very quickly and potentially kill millions, we would need many billions disbursed right away.

This kind of mechanism could also provide a very important advanced market signal to vaccine and drug makers, for example, if they knew that any vaccine or drug that they would produce would have a fund that would pay for it if the next epidemic hit. I think that would be - that very well could bring more manufacturers into producing the necessary vaccines and medicines whereas right now with no such fund it's very hard for a drug company or a vaccine maker to find the motivation to develop those kinds of instruments.

So we've already raised it. I've talked about it on many instances with many of the finance ministers and even central bank governors. There's a clear understanding that a mechanism like this could protect the global economy from the potential downside risk and
the shock of another epidemic. It's now a matter of just working out the details of what it would look like.

**QUESTION:** Realistically, how long would it take to get this fund set up and how much would you want in it?

Jim Yong Kim: Well, you wouldn't - because it would be a contingent fund - in other words, this is not money that you would put into a fund, that's not what we're talking about. What we're talking about is almost like an insurance policy that when the World Health Organization declared a global health emergency; when they invoked what's called the International Health Regulations, then and only then would this fund disburse. And you could raise those funds on the international bond markets and then pay them back over a longer period of time.

This is something that we do all the time anyway inside the World Bank Group and it's a way of utilizing all of our technical capacity to help provide a buffer - virtual buffer for the global economy and for poor countries that don't have sufficient public health infrastructure should an epidemic break out.

So I think that there are other instruments already that we have that do similar things. So in the next six months to a year I think we could get a full concept plus some details of how this would work in front of the global community.

**QUESTION:** Dr. Kim Look, what should the developing countries like India expect from this time at the G20 summit, Sir?

**DR. KIM:** Well, I think that growth strategies in infrastructure are important for every country and especially for developing countries. India itself has a huge infrastructure deficit and our hope is that the commitment that will come out of this meeting around both growth strategies and also commitment to increasing funding for infrastructure could be very helpful for India.

**FACILITATOR:** Okay, so let someone else have a question, anyone else?

**QUESTION:** You mentioned you're a fan of the growth target. Would you like to see some targets for reducing inequality to get a larger proportion of poor people benefitting from this growth?
Jim Yong Kim: Well, as you may know, at the World Bank Group for the first time in our history we are now measuring inequality every year. So we follow the income growth of the bottom 40 per cent and compare that to the income growth of the rest of the population. Every single country that I visit is concerned about inequality. In other words - finding ways of creating jobs that will bring the poorest and the most marginalized into the economy; finding ways of creating better jobs, of higher quality jobs; of jobs that bring people from the informal sector into the formal sector. This is something that is a concern in just about every developing country I've ever visited. So every nation that hosts the G20 decides on what it wants to emphasize. My suspicion is that inequality will, in the future, be on the agenda.

QUESTION: Do you think Turkey will be pressing that? Do you expect to see more focus on developing countries under Turkey next year?

DR. KIM: I'm not sure but my suspicion is that Turkey would focus more on developing country issues.

QUESTION: Is GIF in competition with AIIB and would GIF invite China to join?

DR. KIM: Right. So the Global Infrastructure Facility, which is one of the outcomes of the G20 process is really a platform. What the Global Infrastructure Facility does is it brings some of - some financial resources from not only the World Bank but other multilateral development banks. But then it utilises our technical capacity. For example, right now the multilateral development banks have a lot of capacity to do project preparation. AIIB right now doesn't have it because it's just getting started.

So we've already been in very close talks with the people who are leading Asian Infrastructure Investment Bank and our hope and our expectation is that some of the very first projects that we launched through the Global Infrastructure Facility we will - be very inviting. We hope that the Asian Infrastructure Investment Bank utilises the Global Infrastructure Facility immediately.

FACILITATOR: Okay, we've got one more. Sorry, let...

QUESTION: Are you planning some pandemic...
FACILITATOR: He's answered that.

DR. KIM: We already did that, yes.

QUESTION: About the banking [grey] area that Europe called point Luxembourg, about the pushing the big companies to...

FACILITATOR: Okay, we'll just...

QUESTION: ...is the banking a problem?

DR. KIM: Not sure about that.

FACILITATOR: Okay, well that's different. Nothing else?

DR. KIM: One more question. Any...

QUESTION: Sir, what about climate change. It hasn't been on the agenda here, there's been growing calls for it to be on the agenda. Do you welcome the China-US pact and do you think climate change should be high on the agenda?

DR. KIM: The China-US pact is an extremely important new development. In preparation for the COP21 meetings in Paris next December the fact that Europe has set such an ambitious target for itself very recently and that China and the United States now have set such ambitious targets I think it makes us all much more optimistic going into COP21. Those are the three largest emitters - Europe, China and the United States. The fact that we've been able to reach that kind of agreement I think is very encouraging. I'm going to be heading down to Lima for a COP20, the meeting just before the one in which we hope to reach an agreement.

Another thing that happened recently was the statement that we were able to make on a price on carbon. You know countries representing more than half the global population, including China, signed a statement saying we need a price on carbon. This is the first time that public sector entities and just - and more than half of global GDP in terms of nation states - have agreed that we need to move forward on a price on carbon.
So there is a lot happening. I'm more optimistic now that we'll have an agreement than I've ever been and to a greater extent because of the US and China. I think that in the lead up to COP21 in Paris climate change will be on everyone's agenda.

**FACILITATOR:** All right, thank you very much.

**DR.KIM:** Thanks very much.