Good morning. Thank you, John, for that kind introduction. Thank all of you for coming, or watching on the Webcast. And thank you to CSIS for hosting us at your beautiful building. Before I begin, I want to pause to remember the 147 students at Garissa University College in Kenya who were senselessly murdered just a few days ago. Schools are sacred grounds, and all who study there should be safe. Let us reflect for a moment.

Just 15 years into the new millennium, economic development in poor countries and emerging markets is at a critical crossroads. Much of the attention has been on the near horizon – concerns about the slow-moving global economy, uncertainties over the price of oil, and conflicts from the Ukraine to the Middle East to parts of Africa. But when we look at the longer term picture, we see that the decisions made this year will have an enormous impact on the lives of billions of people across the world for generations to come.

2015 is the most important year for global development in recent memory. In July, world leaders will gather in Addis Ababa to discuss how we'll finance our development priorities in the years ahead. In September, world leaders will come together at the United Nations to establish the Sustainable Development Goals – a group of targets and goals set for 2030. And in December, world leaders again will gather in Paris to work out an agreement based on government commitments to lessen the severe short- and long-term risks of climate change.
At the same time, we have witnessed the emergence of a major new player in development – the Asian Infrastructure Investment Bank led by China, with more than 50 countries and regions signing on as members. With the right environment, labor and procurement standards, the Asian Infrastructure Investment Bank and the New Development Bank, established by the BRICS countries, can become great new forces in the economic development of poor countries and emerging markets. The World Bank Group sees these development banks as potentially strong allies in tackling the enormous challenge of bringing much needed infrastructure to Asia.

Our mission at the World Bank Group is defined by two goals – to end extreme poverty by 2030 and to boost prosperity among the poorest 40 percent in low- and middle-income countries. These goals are ambitious and there’s more than enough work to go around. By 2030, we will most likely need 40 percent more energy and face a 40 percent shortfall of fresh water – pressures that may well be further accelerated by climate change. We estimate that the developing world will need an additional $1 to 1.5 trillion dollars every year to be invested in infrastructure – roads, bridges, railways, airports, energy plants and desalination facilities.

If the world’s multilateral banks, including the new ones, can form alliances, work together, and support development that addresses these challenges, we all benefit – especially the poor and most vulnerable. It is our hope – indeed, our expectation – that these new institutions will join the world’s multilateral development banks and our private sector partners on a shared mission to promote economic growth that helps the poorest. I will do everything in my power to find innovative ways to work with these banks. Next week, during the Spring Meetings of the World Bank Group and International Monetary Fund here in Washington, I plan to continue my discussions with Chinese and other officials about these potential collaborations.

Our ambitions for economic development couldn’t be higher. We’re no longer talking about billions of dollars for economic development. We’re talking about trillions of dollars – which means that we must be creative and use all of our resources to leverage much-needed private sector investment to build infrastructure and create jobs.

The decisions we make this year, and the alliances we form in the years ahead, will help determine whether we have a chance to reach our goal of ending extreme poverty in just 15 years.
The good news is that the world has made substantial progress already. In 1990, when the world population was 5.2 billion, 36 percent of people lived in extreme poverty. Today – with 7.3 billion people – an estimated 12 percent live in extreme poverty. Over 25 years, we’ve gone from nearly 2 billion people living in extreme poverty to fewer than 1 billion.

But we still have nearly 1 billion people living on less than US$1.25 a day. Few of us can even imagine what this is like. Let’s remember what poverty is. Poverty is 2.5 billion people not having access to financial services like bank accounts. Poverty is 1.4 billion people without access to electricity. Poverty is having to put your children to bed without food. And poverty is not going to school because, in order to survive, everyone in the family needs to earn a few cents each day.

Some say it’s impossible to end extreme poverty – especially in just 15 years. But we know it’s possible. We know in part because of our past success, and because we have learned from years of experience about what has worked in particular contexts and what has not.

Later in the year, I’ll talk in depth about our strategies to boost prosperity for the bottom 40 percent, especially in middle income countries. But today, I want to talk about our broad strategy to lift nearly a billion people out of extreme poverty and into the modern world.

Inside the World Bank, for the past 50 years, we’ve continuously distilled and analyzed our global experience in fighting poverty. As a result, our advice to governments has evolved over time. We now known that our strategic advice must evolve even more. Our strategy to end extreme poverty, based on the best global knowledge now available, can be summed up in just three words:

Grow. Invest. And insure.

Let me talk about each one.

First, grow.

The world economy needs to grow faster, and grow more sustainably. It needs to grow in a way that ensures that the poor receive a greater share of the benefits of that growth. We can reach the end of extreme poverty only if we mark a path toward a more robust and inclusive growth that is unparalleled in modern times.

Decades of experience have taught us that economic growth is the primary driver of increased personal income and poverty reduction. Sustained growth requires
macroeconomic stability in the form of low inflation, manageable debt levels and reliable exchange rates. Government policies also must prioritize growth in sectors that increase the incomes of the poor.

The World Bank Group will continue to support governments and make investments in a broad variety of areas in the fight against extreme poverty. For instance, in countries with great amounts of mineral wealth, governments can encourage pro-poor growth with improved education systems and the development of more diversified economies. In most of the developing world, though, efforts to end extreme poverty will require us to focus on boosting agricultural productivity.

Despite the massive global migration to urban areas, 70 percent of the world’s extreme poor still live in rural villages. They are mostly farmers or work in informal jobs – providing services to rural populations. Our experience in China shows that, in poorer economies, growth in agriculture is four times more powerful in lifting people out of poverty than growth in manufacturing and services.

But how can countries follow China’s example? It depends on the local circumstances. Sometimes it is just a matter of giving farmers more control over how and what they produce. This is what Vietnam did during the Doi Moi economic “renovation” in the late 1980s. Over the next three decades, Vietnam became a top exporter of rice, coffee and tea, and its poverty rate fell from 57 percent to 5 percent.

Helping farmers improve yields requires increasing access to better seeds, water, electricity and markets. According to one study in Bangladesh, six years after constructing 3,000 kilometers of roads to connect communities to markets, household incomes increased by an average of 74 percent.

Promoting growth in agriculture also depends in part on the integrity of the global food system. At next week’s Spring Meetings, we’ll be releasing a new discussion paper to develop a strong food system – one that raises the incomes of the poorest, provides adequate nutrition, and combats climate change.

That’s the growth part of the strategy. The second part of the strategy is to invest – and by that, I mean investing in people, especially through education and health.

The opportunity to get children off to the right start happens just once. Investments made in children early in life bring far greater returns than those made later on. Poor nutrition and
disease can have life-long implications for mental and physical health, educational achievement, and adult earnings. Clean water and sanitation facilities, both at home and in school, also have a substantial impact on future professional opportunities. They help children avoid infections that cause developmental disabilities and ensure girls’ consistent school attendance, even after the beginning of menstruation.

Investments in girls and women are particularly important because they have a multiplier effect on the well-being of the extreme poor. When empowered through education, mothers have healthier children; and, when they have financial resources, they’re more likely to invest in the next generation.

We must also set clear learning standards in schools. The level of learning among young people today in many countries is alarming. Over 50 percent of young people in Kenya who have completed six years of schooling cannot read a simple sentence. Over 70 percent of children completing primary school in Mozambique do not have basic numeracy skills. These low achievement levels have devastating implications for when people look for jobs.

We know that using new technology can help transform educational outcomes. For example, Bridge International Academies uses software and tablets in schools that teach over 100,000 students in Kenya and Uganda. After about two years, students’ average scores for reading and math have risen high above their public school peers. The cost per student at Bridge Academies is just $6 dollars a month.

One of the most effective ways to encourage investment in the extreme poor and improve health and educational service delivery is accountability. One study in Tanzania found that doctors in public clinics spend an average of only 29 minutes in any day seeing patients. According to other research, in India, primary teachers in public schools are absent 25 percent of the time, and primary care doctors 40 percent of the time. Governments can help poor people monitor and discipline service providers for these failures, and also create incentives for public employees to do better. Those that do will reap far greater returns on their human capital investments.

The final part of the strategy is to insure. This means that governments must provide social safety nets as well as build systems to protect against disasters and the rapid spread of disease.

National social assistance and insurance schemes protect against setbacks like illness and unemployment and can promote growth and human capital development. For instance,
cash transfer programs can be substantial and cost-effective: Brazil’s Bolsa Familia has cut extreme poverty by 28 percent in a decade, for a cost of just 0.5 percent of GDP. Despite successes like this, 870 million people living in poverty still do not have access to any kind of social assistance.

Another critical element of insurance is protecting people against catastrophic risks. Examples include universal healthcare schemes, better quality healthcare services, disaster risk management, and financing tools like catastrophic bonds or draw-down facilities. This may sound technical, but the so-called cat bonds are very effective. They make funding immediately available to countries responding to natural disasters.

Similar approaches should be used to protect against pandemics. Ebola revealed the shortcomings of international and national systems to prevent, detect, and respond to infectious disease outbreaks. Ebola also taught us that the poor are likely to suffer the most from pandemics.

The World Bank Group has been working with partners on a new concept that would provide much needed rapid response financing in the face of an outbreak. The idea behind a pandemic emergency facility is to mobilize and leverage public and private sector resources through public funding, and through market and private insurance mechanisms. In the event of an outbreak, countries would receive rapid disbursements of funding, which would, in turn, help contain outbreaks, save lives, and protect economies.

There is no single blueprint for countries in their efforts to end extreme poverty. But our strategy suggests priorities for the future. First, agricultural productivity must increase. Second, we must build infrastructure that provides access to energy, irrigation, and markets. Third, we must promote freer trade that provides greater access to markets for the poor and enables entrepreneurs in low- and middle-income countries to grow their businesses and create new jobs. Fourth, we must invest in health and education, especially for women and children. And finally, we must implement social safety nets and provide social insurance, including initiatives that protect against the impact of natural disasters and pandemics.

Nine months ago, the World Bank Group started one of the most ambitious re-organizations in its history. We knew we needed to restructure in order to meet the evolving needs of low- and middle-income countries. In a world where capital is more easily available, we needed to emphasize our greatest strengths – the marriage of our vast knowledge to innovative
financing to deliver programs that have the greatest impact on the poorest. Our new global practices, cross-cutting solutions areas, and regional units are working closely with governments to develop customized poverty reduction programs. These are based on analyses of a wide range of local factors, including the demography and location of people living in extreme poverty. Our aim is to help countries translate global experience into practical know-how to solve their most difficult problems.

We know that ending extreme poverty will be extraordinarily difficult – in fact, the closer we get to our goal, the more difficult it will be. The most persistent poverty will be in fragile environments. In five years, we expect that more than half the world’s extreme poor will live in conflict affected countries. Conflict, as we know, can have devastating effects on our fight against poverty.

Poverty itself can also create a fertile landscape for conflict. For example, where people feel excluded from progress due to joblessness, discrimination or corruption, they may take up arms. These factors, for example, have made it easier for extremists in the Middle East and Africa to recruit for their cause. More violence destroys buildings, bridges, schools, clinics – and most importantly, lives. This destruction, of course, causes even more poverty.

We can help break this vicious cycle and promote security if we implement development policies and programs that promote growth – invest in human capital – and insure people against risks that can plunge them into poverty. Initiatives to strengthen institutions are also important. Governments must be more accountable to citizens, and work to reduce arbitrary treatment at the hands of security forces and the demand for bribes from poor people. This will help to minimize the likelihood of violent conflict and eliminate a driver of poverty.

When conflict persists, the hard truth is that poverty reduction is extremely difficult.

When the fighting stops, though, progress is possible.

Over the last two years, I’ve made three trips with UN Secretary-General Ban Ki-Moon to Africa – to the Great Lakes region, the Sahel, and the Horn of Africa. Our purpose was to take advantage of these opportunities when fighting stops. In these three regions, we’ve worked with partners to collectively move billions of dollars to promote regional development. We’ve taken steps to increase cross-border political and economic cooperation, which we hope will make conflict less likely. We’ve also increased investments that will benefit the poor and most vulnerable, reducing the drivers of fragility. Our partners have included the European Union, the African Development Bank, the African Union, and
the Islamic Development Bank. This kind of collaboration will give us a fighting chance to end extreme poverty.

Still, it won't be easy. Development has never been easy. We find encouragement, though, in the record of the past 25 years. We've reduced extreme poverty by two-thirds and shown that great gains can be made through the strategy of grow, invest, and insure. In the fight to end extreme poverty, many countries have succeeded in taking something that seemed impossible and making it possible. The end of extreme poverty is no longer just a dream. The opportunity is before us.

Governments of the world must seize this moment. Our private sector partners must step up. The World Bank Group, our multilateral development bank partners, and our new partners on the horizon, must all seize this moment. We must now collaborate with real conviction and distinguish our generation as the one that ended poverty.

We are the first generation in human history that can end extreme poverty. This is our great challenge, and our great opportunity. We will be guided by a half-century of evidence and practice. It is doable … it is in our sights … and it will be, I believe, humankind’s most significant and memorable achievement. We can end extreme poverty. The final push must begin right now.

Thank you very much.