Global Development at a Pivotal Time: A Conversation with World Bank President Dr. Jim Yong Kim

MR. TALBOTT: My name is Strobe Talbott and it is my great pleasure to welcome you here to Brookings this afternoon for a conversation with the new President of the World Bank Group.

Whenever we have a distinguished visitor here to Brookings, in particular—and particularly if it's somebody who is coming here for the first time, we're always careful to check with his protocol people on exactly how the distinguished visitor wants to be addressed, whether we use "Doctor" or "Honorable," whatever, and the word came back "Jim."

[Laughter.]

MR. TALBOTT: So, welcome, Jim. It's really great to have you here. A couple of your successors, your most immediate successors, were frequent visitors here, particularly Bob Zoellick as recently as just a couple of weeks ago as he offered some reflections on his way out of the office that you now occupy.

And Bob's predecessor, Jim Wolfensohn, was, for many, many years an outstanding trustee of this institution and made it possible for us to broaden and deepen our own work on
development, and it's great to see on your team Navtej Dhillon who is an alumnus of this organization.

Navtej, great to have you back here, as well.

Jim is going to give us a sense as he takes on this extraordinarily important and challenging job of his priorities and his overview of the challenges ahead.

I think everybody here knows quite a bit about his career, his dedication to improving health and development around the world, among other things as the cofounder of Partners in Health and also as a former Director of the World Health Organization's HIV/AIDS Department.

And I think you also all know that, immediately before taking on this assignment, he was the very highly regarded President of Dartmouth, a post that he held for three years.

Our order of the program is very, very simple. Jim is going to offer some remarks from the lectern here and then he is going to enter into a conversation with Kemal Dervis, who is our Vice President and Director of Global Economy and Development here at Brookings, a former head administrator of the United Nations Development Program and a former senior official of the World Bank.

So, these two gentlemen have covered a lot of the same ground in their careers. They will do in an introductory conversation between the two of them and then open it up to all of you.

So, Jim, the microphone is yours, and thank you again for being with us.

[Applause.]

DR. KIM: Thank you. It's such a pleasure to be here, Strobe, but when you said that my successors have been here, as the man who knows everything about Washington, I thought, "Oh, my God, what does he know that I don't know." I still have five years, Strobe. Thank you for the kind introduction and I just want to share with you a few words before we jump into the discussion.

Kemal, I'm so pleased to be with you today. You're one of the heroes of the World Bank.

And in many ways, the Brookings Institution, and the Global Economy and Development Program that you head is a showcase for evidence-based policy research, an approach that's critical for the World Bank today.
As many of you know, I'm in my third week at the World Bank, and I'm still learning about this great institution. So, let me use this opportunity to share my early reflections in the role of the World Bank in global development today. I want to start by making two points.

First, the last decade has been very good for many, though not all, developing countries. Progress has not come easily. It was borne out of hard work, learning from success and failures, bold reforms, and strong partnerships. This decade of achievement definitely inspires optimism for the next phase of our development work.

My second point is that while we should be proud of the progress of the last decade, we must acknowledge that 1.3 billion people still live on less than $1.25 a day. This is a stain on our collective conscience. Aggressively attacking poverty is both a moral and an economic imperative. The next phase of global development will require us to address critical challenges, if we are to make progress. As a global institution with 188 member countries, the World Bank must play a pivotal role in brokering solutions to achieve a world free of poverty. But in order to succeed, the Bank must also evolve and become better. Let me elaborate.

For the last decade or so, remarkable things have been happening in the developing world. Since 2000, nearly 30 developing countries have grown by 6 percent or more a year. We've never seen this kind of rapid and sustained development across so many countries. High-income economies also grew about 1.6 percent, and so we witnessed both growth and convergence. Developing countries are now the engine driving the global economy, accounting for around two-thirds of global growth. We can fairly say that the concept of a "Development Decade" that eluded us for 50 years was finally achieved.

This story of transformational change is not just a story about emerging economies like India and China. It is broad-based, and extends to countries that are land-locked like Rwanda, a country that I visited many times, that are small like Laos and large like India; that don't have natural resources, like Ethiopia; and it extends even to countries that were once mired in conflict, like Mozambique.

This story of transformational change is also about new gains in the fight against poverty. There are millions of people who are no longer poor; there are many more families who are sending their children to school; and there are many more communities that have electricity, water and access to health care. The rate of decline in child mortality in Africa is double what it was a decade ago. The overall percentage of the population in the
developing world living on less than $1.25 a day was 22 percent in 2008—half the 1990 figure. The Millennium Development Goal of halving the 1990 incidence of extreme poverty has been achieved.

The lesson of the last decade is that progress is possible for everyone. Nothing is predetermined. Having come to the U.S. from a country that was once described as a "basket case," I know in my gut that we have to take great care never to again attach that label to any country again.

Although a tremendous amount of work remains to be done as I take the helm of the World Bank, I carry with me an unshakable optimism that all countries can boost prosperity and eradicate poverty.

There are many differences across countries but there are some common elements to countries that have grown continuously. They have stable governments that pursue prudent economic policies, provide essential infrastructure and services, and take a long-term perspective. They use the opportunities provided by global markets and they have a dynamic and competitive private sector.

Through its lending, knowledge, and expertise, the World Bank has been an important partner in supporting these countries in their success.

I have met with hundreds of staff over the last three weeks and I have discovered so many examples of where the Bank has been at its best. It partnered with China to undertake land-terracing to enable small farmers to grow more and earn more, which today is being piloted on the hillsides of Rwanda. It’s been working with governments to improve the management and transparency of public finances so that taxpayer money is better spent.

The Bank is helping countries share experiences across continents. With the Bank's facilitation of knowledge development and transfer, Turkey’s economic transition is inspiring reformers in North Africa and the Middle East. India’s IT services are emulated in many African countries. Brazil is offering its knowledge in agriculture to African countries.

All across the developing world, the International Finance Corporation, our private sector arm, together with MIGA, the Multilateral Investment Guarantee Association [Agency], are leading the way in proposing innovative approaches to leveraging private sector investment in areas such as agriculture, manufacturing, and clean energy.
But just as these countries have shown success or failure is not pre-determined, we also know that future progress is not pre-ordained. A great deal remains to be done in order to accelerate our fight against global poverty and I see four major challenges:

The first is protecting development gains against global economic risks;

Secondly, we need to broaden development to countries that are being left out especially the so-called fragile and conflict states;

The third is that we have to ensure that growth is sustainable;

And the fourth is demanding that growth is inclusive.

In our interconnected world, we know that crises in one region or in one sector can affect all countries. For instance, even if the crisis in the euro area is contained, it could still reduce growth in most of the world’s regions by as much as 1.5 percent. A major crisis in Europe could reduce GDP in developing countries by 4 percent or more, enough to trigger a deep recession everywhere. Such events threaten many of the recent achievements in the fight against poverty.

To put it starkly, what’s happening in Europe today affects the fisherman in Senegal and the software programmer in India. Therefore, it is urgent that European countries take all necessary measures to restore stability. I am encouraged by the recent steps taken towards fiscal and banking union as well as the additional resources made available by some G-20 countries to the IMF.

The World Bank is ready to help developing countries protect growth, jobs, and the poor. Thanks to the generous IDA replenishment and capital increase, the Bank has adequate resources to increase lending and investments and to share unparalleled technical expertise. We can work with our clients to make rapid disbursements to maintain growth-enhancing investments. We can help countries improve the quality of their fiscal spending. IFC’s financing is providing credit to small and medium enterprises and businesses as well for trade finance. IFC is also supporting subsidiaries of Western European and other banks in emerging markets to enhance liquidity and credit.

We can help countries in building cost-effective safety nets that can protect people against shocks. What I learned by working in communities around the world is that the poorest are the most vulnerable to sinking even deeper into poverty. When illness afflicts a breadwinner, it compromises the future of the whole family. I have seen this happen so
many times in my own work. Three out of five vulnerable people lack safety nets in developing countries, and four out of five in the poorest countries.

Safety nets must be available on a continuous basis to increase resilience against shocks such as ill health or financial crisis, and building them requires political will. The good news is that effective safety nets need not be costly. Flagship Mexican and Brazilian programs cost only around 0.5 percent of GDP, much less than what other countries spend on untargeted and less effective programs or fuel subsidies. The World Bank has worked with governments to expand safety nets in 40 countries, and our goal is to ensure that every developing country has an effective and sustainable safety net.

Second, beyond the current volatility, there are regions and countries with repeated cycles of conflict and instability that are being left behind. One-and-a-half billion people live in areas affected by fragility and conflict. No low-income fragile or conflict-affected country is on track to achieve even a single Millennium Development Goal. These countries need a World Bank that is far more responsive than it is today, and capable of delivering the right financial and technical support at the right time.

Take Afghanistan, where the World Bank has partnered with the government to establish the National Solidarity Program. It is pioneering an approach where local councils are taking the lead in projects aimed at rural reconstruction and poverty reduction. To date, the program has benefited over 20 million people, and it is active in 28,000 villages across all provinces of Afghanistan. This is the kind of successful engagement that the Bank must spread to other fragile states.

Third, even in successful countries, the next stage of development will call for further structural changes in order to sustain growth. Middle-income countries have to diversify their sources of energy. They have to modernize their economic structures and government programs. They have to create quality jobs to match the growing expectations of their citizens. These countries have an increasing number of options for development financing, but many continue to look to the World Bank for its lending, expertise, and knowledge. In particular, they need a more flexible partner to help them address deficits in infrastructure and institutions.

Finally, growth and development have to be inclusive, ensuring that their benefits are broadly shared. Even as an unprecedented number of people in the developing world are ascending into the middle class, segments of the poorest populations are being left behind,
and other segments of the middle class are at risk of falling back into poverty. As young people in Egypt and Tunisia have reminded us, even in middle-income countries, development gains have been uneven and incomplete. Demands for respect of individual rights, the rule of law, and the administration of justice go hand in hand with inclusive development, requiring institutions to be more open and accountable.

That's why the World Bank is broadening its partnerships. Informed by the lessons of the Arab Spring, the Bank is creating a Global Partnership for Social Accountability. It is providing seed money from IBRD income and leveraging resources from foundations and bilateral donors. This would be the first time the World Bank is allocating specific resources from its income to support a partnership with civil society.

We will try to do at the Bank what the most successful countries did during the last decade. We will work tirelessly, we will continue to learn what works and what does not, and we will carry out bold reforms when they are needed; and more than that, we will hold ourselves accountable to the people we serve so that we are judged by our results, not just our intentions.

I started my remarks with the achievements of the last decade. I want to conclude with the promise of the next. Developed countries have made significant contributions through aid. They must continue this engagement, given their stake in a strong and dynamic global economy. Emerging economies must increase their contributions, commensurate with their growing economic weight.

The world has unprecedented resources, knowledge, and experience to push forward the development agenda. I hope that the coming decade is defined by a great convergence. Where we reduce poverty to levels we might never have imagined; where more people join the global middle class, enjoying better living conditions and greater opportunities; and where the world commits to the critical task of leaving a healthier planet to the next generation. The time is now, the task is urgent. I look forward to the conversation.

Thank you.

DR. DERVIS: Thank you very much, Jim. When Strobe told me you were coming after your phone call--I think he was in Asia, in China, and you had a phone call and you said you would be willing to come as early as mid-July. So, thank you very, very much.
DR. KIM: It's my pleasure.

DR. DERVIS: It is a very important moment in the world economy. The changes have accelerated, the crisis was heavy in the advanced countries but, as you said, it also has affected the developing countries. It is a world economy and you're coming to lead one of the, I think, greatest institutions in the world, which I had the privilege to serve for quite a while.

And yet, one always needs priorities. One can't do everything at once. When you look at the world today and at the World Bank, do you already see some priorities? Are you going to launch a process maybe to help you define them? What first?

DR. KIM: Well, Strobe, I want to make it clear, I've been here for now two weeks and two days.

DR. DERVIS: That's right.

DR. KIM: Right? Three days. And what I've begun to do is to really try to take the temperature of the organization. So, I've been visiting a lot of the departments. Just this morning, I visited the Middle East and North Africa Department, and what I've been discovering about the institution is really encouraging.

First, you walk in the door of the World Bank and it says on the wall "Our dream is a world free of poverty." Now, I was so moved by that slogan on the wall that I actually had some ties made with that slogan on the tie, and the reason is because I think we need to remind ourselves that this notion that the work of the World Bank is to boost prosperity and eradicate poverty. Those are our--the most compelling values and missions that you could ever imagine. So, we have a great mission statement. We know what we're doing in the largest sense and it's really critical.

And so, as I've walked around the Bank, I've been asking some pretty specific questions, and the question I asked is "When do you remember the World Bank being at its very best?" And I've heard some fantastic stories. Of course, I want to hear more about the story of Bosnia as some of you may have read in Sebastian Mallaby's book that when you were in Bosnia you actually--the plane landed and it kept rolling and then you ran out of the plane into the country. Now, that's dedication, Kemal.
And people tell us about those times when the Bank moved quickly, really effective. Kyrgyzstan is an example, right after the conflict. The Bank was in there very quickly, were the first to engage.

So, throughout the institution, people have very strong memories of when the Bank was at its very best. And so, I think one of the most important questions for us is what do we need to do at the World Bank to ensure that we're at our best every day for every country in every situation.

So, there are some things that we need to do to look inside the Bank, but of course, we're living in a world where we have an ongoing crisis. And so, on an almost daily basis, we're having conversations about what we can do to understand the impact of the European crisis, especially on developing countries.

So, we're having conversations about what are the specific transmission channels through which the European crisis is going to have an effect on the different countries, and we're looking at everything from trade to remittances to commodity exports and the impact on the different regions and different countries, and we're having really wonderful conversations and we're often at a large table talking about lessons from one Region that might be applied in another Region. Our experts in so many different fields are coming and talking about financial instruments that might be used to mitigate risk. And so, we're having this conversation every day.

And so, we have to be ready to respond to the crisis in whatever form it takes.

So, the mission is great. We can do so much more if we build a World Bank that can be at its best all the time, and of course we've got to be aware of the current economic situation.

**DR. DERVIS:** With your permission, I'll come back to Europe in a little while, because I think it's quite important and interesting and I have a question that I really am burning to ask.

But before that, when we say the World Bank, most people say it's one institution, but in fact it's a group of institutions: There is IDA with concessional money and grant money for the poorest countries; there is IBRD, which is actually a profitable bank doing long-term lending to middle-income and lower middle-income countries. "Profitable" in the sense that while it lends at a very small margin, it covers its costs, and I'm sure you're going to bring this message to Congress and other parliaments around the world.
DR. KIM: Absolutely.

DR. DERVIS: And there is, of course, the IFC, the private sector branch, which is highly successful. There are other parts, the MIGA and so on. And as you said in your speech, the old kind of distinction between the poor and the rich, the poor countries, the rich countries is kind of fading away, and yet poverty remains a huge challenge. How do you look at this diversity? Is it the strength of the World Bank but maybe can it also lead to loss of focus? There are all these different constituencies out there.

DR. KIM: Right, right. Well, you know, we have 188 member countries, so the diversity starts right there. So, in Board meetings in discussion with our Executive Directors and representatives from those countries, there are very divergent views on the direction the Bank should go, but that's the whole point of multilateralism. The point of multilateralism is that we sit in a room together and then we try to find ways forward that make sense to 188 member countries. And there are always dissenters, but I think that that discussion is one of the most important pieces. I'm a believer in multilateralism and I've worked in the UN system before, and I think that the ability to do great work in a multilateral context is critical for the world, so let me start with that.

I've spent a lot of time now talking to different people and different parts of the organization and, again, as I walk the halls, there is an intense desire to integrate across the institution.

So, if you look at IDA, IBRD, IFC, MIGA, ICSID, these are the five entities that exist, but the way I look at it is that, in any given country, when we go to a country, we should be able to sit down and say to them, as a Group, "We can help you do--an understanding of your role in the current macroeconomic context. We can help you with fiscal policy. We can help you with health care education, social protection programs. We can help you with infrastructure. Oh, and by the way, we can also help you think about, for example, which cluster you should invest in in the private sector."

The fact that we can do all of those things gives us, I think, an enormous relevance to countries all over the world, and the issue that now we're taking up day-in and day-out is, how can we integrate more?

Just this morning, I was hearing, "We are at our best when we collaborate across sectors and divisions and even Regions. That's when we're at our best."
And you know how that works, Kemal. When there's an emergency situation, you get on the phone and you call all your best people and they come and we have had transformational impact in certain countries.

Now, is there a way for us to be able to do that all the time across all the five entities? Let me just say that I'm encouraged by the willingness and the desire of World Bank staff to move in that direction. Now, the implementation is going to be complicated, but that's precisely what we have to do. We have to be the institution that integrates across all our different areas and provides enormous value to our member countries.

We talk a lot about knowledge, the Bank is a knowledge institution. There are many more Ph.Ds. at the World Bank than there were at the Ivy League institution I was president of before I came here, right?

So, for me, it's just stunning the combination of direct, on-the-ground experience. I mean, in coming in, meeting all these people who have been trying to solve problems in developing countries for 30 years has been just the most exhilarating experience. It's what I've been doing. So, it's really felt like I've met just an incredible group of people with a rich set of experiences.

At the same time, over 66 years, we have data. In fact, we have so much data that some of it is on onion skin paper sitting in salt mines in Pennsylvania, right?

Bob Zoellick, among his many legacies is going to be the fact that he's opened up the institution to make that data available to everyone, and that's fantastic. It's really important.

But then, we also have this analytic capacity. So, on-the-ground experience, lots of data, tremendous analytic capacity. I just don't think that that kind of combination is matched anywhere in the world.

So, for me, that means we have an even greater responsibility to be our best selves every single day.

**DR. Dervis:** Yeah, the capacity is really, as you say, is enormous.

**DR. Kim:** Is enormous, yeah.

**DR. Dervis:** And on internal data, we're trying to learn from you here at Brookings, but today is a breakthrough moment. I'm doing a little advertisement also for us, but we have
the data visualization project with poverty data, demographics, income, and all that accessible now on the website for everybody to see, but we're learning a lot from how the World Bank has done that.

Now, you mentioned this diversity and you've been a leader in social policy and social analysis and health. You led a very important part of the United Nations.

What are the common features you see, because everything is different? I mean, macroeconomics, finance, health, transportation, energy, but there are common features in policy which I'm sure you've encountered in your career. What would you stress among these common features?

**DR. KIM:** So, one of the things that has now affected every discipline, including economics, if I might say, is this notion that we can create an evidence base around—and measure things that we never thought we could measure before.

We talk a lot about evidence-based medicine. Evidence-based medicine, of course, is everywhere, but it's only about 30 years old. I mean, I remember when I started medical school in 1982 that it was just the beginning of talking about, "We can generate evidence around the things that we do," and it's not any longer the experienced clinician who's saying to you, "Well, we do this because that's what we do."

This is now a revolution that's happening everywhere. I mean, as you know, the randomized evaluations and data collection methods have expanded but, more generally, I think that there's a commitment to evidence everywhere.

The other thing that I think is critical is that we have to now focus on actually delivering results on the ground. That's everywhere, right? So, the ability to collect more evidence has really focused on results on the ground.

And one of the things that I was working on before I came to the World Bank was that I thought that there could be a science of how to actually deliver results in the social sector, and would say many times that the thing about working in the social sector is that so often we have been very tolerant of poor execution. Great idea, put some money to it, but we haven't really focused on the science of execution. And so, at the Bank, there are so many people who are really great implementers. We haven't done enough, I don't think, in terms of capturing that experience and knowledge about how to actually make something work on the ground, systematizing, and then spreading it to everybody.
So, there is a common sense, and let me just use health care as an example, the notion that if you have good research, good tools, put it in the hands of trustworthy individuals, and you're done, as opposed to thinking, what is that you really need to do to make sure that you deliver value at the end of the day. It's something that I hear a lot inside the Bank from our staff. We really want to turn the focus of the Bank more toward what are the specific outcomes and results that we're achieving on the ground and how can we set up a system so that that is what you're rewarded for, actually delivering the results on the ground.

And I think there's a science to it. I think we have systems engineers at the Bank who are very good at thinking about how to make things happen like that.

So, everyone is focused on results on the ground, delivery, what is the science of delivery, what is the science of execution. How can we look at the things around which we have our greatest, highest aspirations, health, education, social welfare, environmental sustainability? And how can we be much more focused on actually being effective at delivering on the ground. I think there is— I use the word "science" aspirationally, of course, but I think there is a science there, and I think economics is critical to it, I think systems engineering, I think some of the management disciplines can be helpful to us.

And so, the very same problems we're seeing in global health, which is, how do we take the money that we now have and make sure that it has a longer lasting impact and that actually build systems, I think that's true throughout the work that we do at the Bank.

DR. DERVIS: I think those are very important points and the systems approach in so many areas is so effective. The days when the just money output is what counted are gone—

DR. KIM: I think they're gone. That's exactly right.

DR. DERVIS: We've seen in economic history you can spend a lot of money and have very little impact, or you can spend less money and have more impact.

Now, I'm going to go to the lessons learned and the cross-fertilization between developing countries and I think that that's very important. Korea is one of the big success stories and many countries want to learn from it.

But now something else has come up which is very exciting but politically quite challenging. I've been working on Europe quite a bit lately and fiscal policy, spending less,
getting more government revenue is one part of the picture, but if that's all that we can offer to get the crisis countries over their difficulties, it's not going to be possible. They need growth, they need supply-side response, they need new ways of doing things, and I mean, I'm of course a little bit biased, but the Bank has a lot of that knowledge and we've seen the IMF in many ways over the last five years becoming for the first time a truly global institution.

**DR. KIM:** Sure, yeah.

**DR. Dervis:** Maybe in some ways, not the same way, perhaps, but in some ways the challenge is there also for the Bank.

I can think of countries such as Spain or Greece that would greatly benefit from the knowledge of the Bank, from the experience of Korea, from the experience of other countries such as, you mentioned, Brazil and Mexico, but it's politically, of course, a challenging task in a sense.

**DR. KIM:** Sure.

One of the things we know--so, as we look around at the different Regions and the different countries, we know that Latin America weathered the financial crisis fairly well, and if you look at the reasons, I mean, this is not--may people may have their different opinions, but as we look at it, we think, "Well, what did they do?" They opened up their economies. They developed regionally in a very effective way. They developed social protection programs like Progresso and Oportunidades, Bolsa Familia in Brazil. They reduced income inequality. So, there's a lot of things that they did that seemed to have prepared them to weather the financial crisis.

Let me give you another example that--and again, these are, how can we learn from the developing countries, middle-income countries, in thinking about responding to the current crisis?

So, take a look at Korea--and I'll just give you one example that was very close to my heart--when the crisis of the late '90s hit, one of the most astounding things to me was that Koreans started going into their jewelry boxes and they took out gold. They gave away rings and there were places where Korean citizens could just put their gold, and that added up to a billion dollars. So, it might not have been the cash that turned the situation around,
but the issue was solidarity. The issue was a very fundamental solidarity. The Korean people, everyday people, were saying "We want to contribute to the recovery," and they did that.

Now, it strikes me that solidarity is a major question in the crisis today. So, I think the world has changed. I think there are many lessons from the developing countries that can be useful anywhere. I mean, I'd love to hear more about Turkey.

Again, Turkey--our work in Turkey with you--is one of the times when our staff remember we were at our best.

**DR. DERVIS:** Thank you very much. Well, I think there are lessons and there are big successes. Sometimes there are also mistakes and failures one can learn from, but as I look at the very severe situation in Southern Europe with unemployment in some countries above 20 percent, youth unemployment, 40 percent. You can't fix this just with macroeconomic tools. You need the sectoral knowledge and who has the best sectoral knowledge globally? It is really the World Bank. So, I hope the world community will find a way to access that and to help overcome this crisis which, as you said, is affecting the whole world.

So, we're now going to open it up to the floor. I will propose, if it's okay with you take three questions at a time--

**DR. KIM:** Sure, sure.

**DR. DERVIS:** --so that we gain a little bit of time and then you can answer--sometimes questions overlap. You can answer in the most efficient way. Yes, we'll start with here. Please do identify yourself.

**DR. KIM:** And use a microphone.

**DR. DERVIS:** And use the microphone, yes.

**QUESTION:** Thank you very much. I'm from JICA, Japan International Cooperation Agency, Keijiro Nakazawa.
I thank you very much first of all for your comprehensive remarks and very interesting discussion with Kemal, and I'm also glad that you kindly met our new President, Dr. Tanaka, quite soon, and I'm looking forward to seeing you there, as well.

My question is your view about the role of government in development. In this country, it is always discussed whether the government is a problem or the solution, or at least part of the solution, and in the developing world, there is a discussion between, like, the Washington consensus, there also is, like, a Beijing consensus, even though the definition of the Beijing consensus is different among various experts, I believe. I wonder--but given the experiences in Korea or other--for tigers in Asia or ASEAN countries or even including Japan, I think there might be a big role that government can play, although the market is a kind of driving force of the economic development.

So, I just would like to know your view about the role of government and how you rely on the developing partner countries governments for pursuing the World Bank development assistance.

DR. DERVIS: Thank you very much. We'll take two more questions. Yes.

QUESTION: Hello, I'm Nilmini Rubin, I'm with the Information Technology Industry Council and I previously worked for Senator Lugar on the staff of the Senate Foreign Relations Committee and campaign for transparency and anticorruption reform as related to the development banks and I was intrigued by your comments about social accountability. I was wondering if you could tell us more about your goals for that and what you envision the structure to look like and how you expect the social accountability arm to interact with the private sector and civil society?

DR. DERVIS: And one--Antwon [ph].

QUESTION: Antwon Zanakman [ph] a former World Bank and IFC staff member and I've been investing in emerging markets. I have a question on the social safety net that you mentioned very prominently, I think, as a theme. What is the evidence that it has buffered crises and is there also evidence that it sometimes has delayed the response or the recovery?

DR. DERVIS: All right. We'll take these three, each one of them a big subject in itself.
So, in terms of the role of government, I think one of the things, again, that I’m learning as I walk the halls of the World Bank is that I hear repeated again and again, there is no one-size-fits-all solution, and I think the Bank at one point has been criticized for taking that position.

So, in terms of the role of government, I think every country is a little bit different, and I think there’s no question that there is a role for government, even in setting up an environment where private sector investment can be enhanced.

But I think the most important answer to your question is that the Bank now prides itself on taking every country on its own terms and not making any across-the-board guidance or recommendations about the role of governments or markets. I mean, this is very important that everyone understand. The Bank is different now and it’s evolved—I would say it’s evolved as much or more than any institution I’ve ever seen in terms of the way it works in individual countries.

In terms of social accountability, this is very new and I don’t know very many details about the particular social accountability program that I mention, but it’s one that Sanjay Pradhan in the World Bank Institute is heading up, and it is really significant in the sense that, for a long time civil society organizations were outside the door at the World Bank meetings, and Jim Wolfensohn, one of his great legacies, is that he brought them inside the door.

And now, I think this sets us up for a partnership with civil society organizations that is just much more advanced than I think every before.

And of course, the intension is that our engagement with civil society will increase over time.

In terms of the evidence of social safety nets, I actually don’t know, and if you do, I’d love to hear—I don’t know, either. I don’t know, either.

But I can tell you this: In walking through today the Middle East and North Africa Unit of the World Bank, there are pictures all over the unit that are from the Arab Spring, and they are very beautiful, poignant pictures about what happened. And so, the notion that that would happen in the states that it happened is something that we couldn’t have imagined.

Now, I worked in Peru, and I worked in Peru right after some of the shocks, and I was there witnessing just enormous social movements. There was one in particular called the
Comedores Populares, the popular soup kitchens. And so, in Peru, it's sort of been a part of the fabric, the social fabric, for a long time, but no one would have guessed--no one would have guessed--that it would have happened in those countries, but it did. I think it sends a message to everybody, that if you don't focus on inclusion, if you don't have these safety nets that will protect people from, for example, a catastrophic illness that just sends an entire extended family into poverty--if you don't have these social safety nets, if you are at risk, that is the message that everyone has gotten, whether there has been some sort of specific study, I'm just not aware of it, but inside the Bank, I can tell you that the lessons of the Arab Spring have been very strongly taken, and it suggests to us that one of the things that we can do to add value in just about any country is to do an assessment of the public sector expenditures that one is engaged in and to say, "Well, you know, actually, you're not getting much value from, for example, fuel subsidies, but there are other"--like these conditional cash transfer programs, that can have an enormous value. And so, that's what the Bank has to do.

We are not going to come in and dictate to any particular country what you should do, but what we can do is to say, "Boy, there's a lot of evidence that this form of social protection is going to give you much more value than this other form of what you might think is social protection.

DR. DERVIS: Yes.

QUESTION: Thank you for coming here. There are a good number of people from the Bank who are working now in Brookings. So, these are [unclear]. I spent 20 years in the Bank. We all love the Bank.

Now, you just spoke about the social part of the Bank, the need to base Bank policy on evidence. The Bank has a longstanding problem, has an eminent DEC, which is economic research, has no department, no unit specialized in doing systematic social research and producing the evidence for social policies for basic policies and program on evidence.

Second issue which concerns many of us is one of your predecessors, Jim Wolfensohn--also Jim--spent two terms to build many things at the Bank, one of which was a central Vice Presidency for Environmental and Social Sustainability Development, which was in charge with crafting Bank policies, safeguard policies to which you just referred.
Well, it happens that the immediate successor to Jim abolished one Vice Presidency from the 25 the Bank had because there were too many and he found to abolish exactly the Vice Presidency focusing on social policies, elaborating the social policy of the Bank and the environmental policies.

So, at this time that staff was moved for instance in information, there's a good job there, but there's operational work, and interpreter has no nerve center to develop further and update the Bank's social policies and the environmental policies which are the big demand. Do you have any intention to [unclear]?

DR. DERVIS: Okay. Thank you. Yes.

QUESTION: I'm Lawrence McDonald from the Center for Global Development. Thank you very much for your remarks and congratulations on becoming President of the Bank. My question concerns the scope for the World Bank to become more active and effective in addressing problems of global public goods. Many of the problems that confront poor people in developing countries are problems with the global commons. Climate is just the most obvious, but collapse of fisheries, emerging diseases, and yet the Bank's primary instrument of course continues to be country loans.

Do you see an opportunity to seek a mandate to become more active addressing global public goods problems and would that require a new instrument or do you already have the instruments that you need? Thank you.

DR. DERVIS: All right. There's one gentleman there. Yes.

QUESTION: Thank you. My name is Desi Esaronai [ph] and I work with the Institute for Development Policy. It's a CSO based in Pristina, Kosovo and my question to Dr. Kim--it's a great pleasure, actually, to be here and listen to you. Congratulations on the post. My question has to do with the role at the World Bank you see should be taken in terms of developing energy projects worldwide.

Now, I'm sure you're very well aware of the social environmental costs that relates to many energy projects around the world, and the reason why I'm putting these questions forth right now is because the World Bank is, at this stage, considering a project in my country, in Kosovo, to invest in lignite and build a new lignite-based power plant and we have, as a civil society organizations in Kosovo, we try to be as loud as we could that that probably is a bad
idea because of all the social and environmental and also economic reasons, as well, and we have worked with many people who have also worked in the World Bank and just recently left the World Bank and one of them is Dr. Daniel Kammen of UC Berkeley, who was a chief renewable and energy efficiency technician there and who now publicly is also calling the World Bank to drop the idea of still investing in lignite in the third world country which Kosovo is and it's getting the IDA money for this project now. The project hasn't been yet done. I don't want to be very specific because I know it's just your 17th day in your office and you probably don't all the aspects related to it but I would really appreciate to know what path do you see the World Bank should take in terms of investing in the energy in the future and do you see that it should that it still be investing in lignite in a country such as Kosovo? Thank you.

DR. DERVIS: All right.

DR. KIM: Easy ones.

So, I'm not really familiar with what you're talking about, which department was eliminated, but we have a very active--in fact, the largest group, VP, Vice Presidential Unit in the Bank is the Sustainable Development Network. It's headed by a wonderful professional named Rachel Kyte who came to first the IFC from environmentally focused NGOs. So, there is quite a bit of research going on. We have a huge investment in our Sustainable Development Network and that will certainly continue.

In terms of the global public goods, again, on my 17th day, we're having these conversations. I'm not sure exactly whether we need new instruments or not but I can just tell you this: We just had a presentation to the Board on the Rio+20 meetings and Rachel and our Sustainable Development Group were very involved in that meeting.

And interestingly, many of the most interesting discussions happened really outside of the main meeting with CSOs and NGOs, and I think really in--as part of a shift that's been occurring over time, the World Bank was right in the middle of those discussions. And so, our commitment to global public goods is very strong.

Now, the social accountability arm, the instrument that we're just building, is increasing our ability to work directly with civil society organizations. Are we going to do more of that in order to be able to really have a broader impact on global public goods? I certainly hope so.
My understanding of global public goods has been from my global health background. Tuberculosis crosses borders, the epidemics that cross borders, and you absolutely need global mechanisms to deal with those problems.

I think our Governors, the Board and the Governors, expect the World Bank to play a very large role in climate change issues and other environmental issues and trying to make contributions around global public goods. We'll simply have to figure out over time the best mechanisms to do that. The commitment to it is there. The notion that we need to reach beyond the traditional mechanisms, work with civil society organizations, get outside of the standard ways that we've been doing business before, I think we're already there.

In terms of Kosovo, well, you can imagine these are very difficult questions, and we--energy is a critical part of boosting prosperity and eradicating poverty. We talk about this all the time with relation to Africa. We know that we want more private sector investments in Africa to create the kind of jobs that are needed in Africa, but if you don't have access to power, it's impossible for that kind of development to happen.

So, there are differing views within the World Bank Board. There are differing views about this tradeoff between our need to keep the environment clean and poor countries' need for energy.

So, I would simply say, this is part of my new job in my new experience in trying to deal in a multilateral organization where people have very different views. One group will say, "We must protect the environment." The other group will say, "But wait a minute, you also use coal." And they say this to the wealthy countries: "You also use coal and you fuel your development on the basis of coal. We simply want to provide power to our hospitals. We want to provide lights for the schools. We want to provide energy so that the private sector can develop. We need to do that."

Now, our standards on clean energy are very high. Our efforts to develop clean energy projects is also as high as it can be, but we're dealing in a complicated world where you have these competing demands for energy for development versus our desperate need to keep the environment clean.

Look, I've been trained in science, and I think I'm actually the first one trained in science to be President of the World Bank, and so I have to tell you that the data that I'm seeing about changes that are happening today that we didn't think would happen for three or four years, the impact of a one-degree rise in the temperature of the oceans that we didn't think would
happen until we got to two to three degrees' rise in the temperature of the oceans, this is extremely disturbing to me, and I think we have to put the science of climate change in front of all of our member countries. And I guarantee you that I will do that.

But having said that, you should also know that there is a need for energy to lift people out of poverty and boost prosperity. And so, we're going to be constantly having to balance those needs and those interests, and that's part of my job.

**DR. DERVIS:** Okay. We'll take quick--but please, because we're running out of time--quick three questions. First one here, yes.

**QUESTION:** Thanks very much. I'm Garret Mitchell and I write The Mitchell Report and I want to ask a question that's slightly off subject, not about the work of the Bank itself but because I notice you're also an anthropologist, about its culture.

About 10 years ago, I happened upon to a book called the Springboard Story, by Stephen Denning, which talked about the use of springboard stories to create knowledge management system at the World Bank. And so, my question is twofold:

One, is the knowledge management system at the World Bank alive and well and an operating part of your mission delivery process?

And second, does the concept of the springboard story play a role currently and into the future of the Bank communicating its mission and delivering on that mission?

**DR. DERVIS:** Yes, gentleman all the way in the back there. Succinct please? Okay.

**QUESTION:** Okay. Thank you, Dr. Kim. My name is Deng Wi with China Review News Agency.

What role do you expect for China to play in the World Bank and the international financial system and do you support to further increase the voting share and more say for China and also other emerging countries? Thank you.

**DR. DERVIS:** Thank you. All right, well, I'm going to try to create some balance. Yes, to you--sorry. Maybe very quickly we'll allow you to be the last, okay? But yes, the lady there. Right. The gentleman at the back was trying very hard for a long time. So, I can't pass him by.
**QUESTION:** Hi, my name is Katie Malouf with Oxfam International, and I was interested in what you were saying about inclusive growth being one of the four challenges that we all face in global development. And I wanted to know to what extent do you see investments in public education and health systems as being central to realizing inclusive growth? And also what do you think is the most important contribution the World Bank can make to achieving universal access to basic health services in developing countries?

**DR. Dervis:** Thank you. And the last question now. Yes?

**QUESTION:** Thank you very much. My name is Juan Irino [ph]. I come from Latin America, Division of the Voice of America. So you have talked about how open of the markets--opening the markets has been very useful in Latin America. I want to, you know--in the last months we have seen how some countries are now going in the opposite direction, closing the markets again. I want to know if you see that as a challenge and also how do you see the role of Latin America in the future years? How is the World Bank going to act, if you have any ideas so far? Thank you very much.

**DR. Dervis:** Thank you.

**DR. Kim:** Okay. So I don't know the Springboard story but I will get that book and read it. So I would say knowledge management is among the most important things that the World Bank can do, and there have been many efforts to try to do that. I mean, first of all, one of the things we're trying to do is to measure the impact of our knowledge work. Now, again, 10 years ago you'd say that's impossible to do, but actually we're making progress in understanding how to measure the impact of our knowledge. But knowledge management is critical.

And so now we're asking ourselves questions like: Well, so how should we get all of the best of the knowledge inside the Bank to every place that we need to be and do it quickly and effectively?

I think technology gives us some opportunities, but I think there's also a lot of new insights in how matrix organizations and systems can work more effectively together. So I would just say this is at the very top of my priority list. You know, I'm also the first Bank president to ever have run a knowledge institution before. So I would come to this job with a lot of ideas about how to manage knowledge, about how to make it effective and be present
where we need it. But the key to doing that is to have a lot of great people who actually have knowledge, and the good news is we have plenty of those. So now it's really a management task more than, you know, overhauling our staff. We have great staff.

In terms of China, China has an extremely critical role to play in the World Bank going forward, as not only as a recipient of loans but as a contributor. China has also been making contributions to the World Bank.

In terms of share, this is a very difficult and complicated issue and it's one that our Governors are going to take on again going forward. So, in this particular case of whether or not we're going to adjust shares, as you can imagine, this is a highly lively debate that happens within our Board and among the Governors, and I look forward to participating in that discussion going forward. But, you know, I'm not sure which direction it will go. There are many different ways that it can go. There are many different ways to have that conversation. There are many different ways of understanding what share really means. And I think, you know, after two-and-a-half weeks, I don't have strongly formed views about it and I look forward to the conversation.

In terms of health and education, you know, both of those areas are critical, and there are two areas of expertise that again are areas that I've worked on in the past. Let me talk specifically about universal access to health care.

So next week, we have 45,000 people coming for the International AIDS Society meeting. There have been enormous investments in HIV. But if you go back and look at the stuff that I was saying in 2003 and 2002, when we first started seeing those investments, what I said over and over again is the investment in HIV is our opportunity to really invest in systems. The critical thing about investing in HIV treatment was that for the first time we invested in chronic treatment, lifelong treatment for a disease in the poorest countries in the world. That forces you to put systems together. So I think the debate--I mean the discussion--the discussion is moving in a great direction. What the HIV people are now saying is: Well, what about MDGs 4 and 5? What about, you know, childhood mortality and maternal mortality? What are we going to do to tackle those particular problems? And I think the most important thing is related to what I said earlier: We have to understand this as a systems and delivery problem and not as a disease problem. The aspects of this problem that need to be handled by highly trained physicians are actually quite narrow. The real problems are setting up the delivery systems that can not only protect people from the diseases of today but from the diseases of tomorrow, and there's
enough money out there in the world that we can begin moving in that direction. That's how I would like to see the World Bank engage. We are really good at thinking about systems. We are really good at managing processes at a country level, and we're also really good at thinking about how to set up systems that deliver.

So wouldn't it be great if we could take all this investment in global health and in every single country build systems? At Partners in Health, the organization I worked with before, every country we've gone into--and Rwanda is a good example--we've gone in and said we're going to take this money for HIV treatment and turn it into primary health care systems. And I think the evidence is overwhelming that it's both doable and cost effective.

And the other thing that we've seen that we didn't expect was that once we built those systems, the economy sprouted up around those health care systems and actually contributed to the economic growth of those countries.

So, one, health and education are critical to economic development in my view. I think the evidence is very good for that.

But also I think the Bank has a very unique and wonderful contribution to make which is to say, "Hey, folks, these really aren't medical problems. They're partly medical problems but the big chunk of it that we can help you with is what's going to give you the long-lasting impact, protect you from future disease outbreaks, and also help to build your economy.

And Latin America. So I'm not quite sure I understood the question. Again, let me just say that for the World Bank, again the mantra that's repeated over and over in the halls of the World Bank: There's no one-size-fits-all solution.

And in terms of learning the lessons of Latin America, I think that the one of the really remarkable aspects of programs like Bolsa Familiar and Oportunidades is it's that the lessons are being learned everywhere.

So, one of my favorite stories is the fact that Michael Bloomberg, the Mayor of New York City, actually flew down to Mexico and was with Julio Frank [ph] at that time, trying to understand how Oportunidades was working and built a program in New York City called Opportunities New York with the notion that these conditional cash transfer programs could have an impact even in places like New York City.

So let me just say that the approach to Latin America, both as a place where we still lend money but also as a fountain of innovation that can be useful in all other parts of the world,
this is something that we already recognize. You know, the model of social protection that has been pioneered in Latin America now, we're taking to many other parts of the world, and I think that's just the future. You know, I think we have to realize that it may be that it's in the most financially constrained areas where the greatest social innovations can occur, that it's under the pressure of those financial constraints that you really see the great innovations, and we have to be open to it.

You know, there's a health care program in Camden, New Jersey run by Jeff Brenner [ph] that's using a community health worker model that we started in Haiti 25 years ago because they know it's--not only is it cost effective but you get better health outcomes in Camden, New Jersey when you use community health workers. I think that's the new world. Lessons are going to come from everywhere. It's not rich countries imparting their lessons on poor countries. The lessons are going in every direction.

DR. Dervis: Thank you so much. There's no way to summarize, and that's not my role anyway, but I have to say that you give us an amazing combination of confidence and optimism, which is so important in a leader, a wide array of knowledge--and the questions were not easy--and, you know, familiarity with so many areas where the Bank is active. I think many of us also felt the enthusiasm you have for the Bank staff and for the people--the women and the men--who are going to work with you, and I think that's key because that, after all, is the strongest resource of the World Bank.


DR. Dervis: So, I'm very deeply grateful on behalf of this whole audience and on behalf of Brookings, President Talbott--really that you came here and talked to us. I think it's your first talk outside the Bank. We'll be restrained. We won't kind of invite you immediately again, but I really hope that maybe a year or 18 months from now or maybe in Aspen next summer, after one year of experience and, you know, we can have some follow up. We're very grateful. We wish you all the best, and really I think our hearts with you.

Please, the audience, remain seated while Strobe will accompany Jim, but let's first thank you.

[Applause.]

[End recorded session.]