

# IMF/World Bank 2012 Annual Meetings Development Committee Press Conference Transcript

October 13, 2012

World Bank Group President, Dr. Jim Yong Kim, International Monetary Fund Managing Director, Ms. Christine Lagarde, and Development Committee Chairman, Mr. Marek Belka  
Development Committee Press Conference  
Tokyo, Japan

## Transcript

**MR. MILLS:** Good evening, everyone. Thank you for joining us for the Development Committee Closing Press Conference.  
Thank you all for coming.

Each of our participants and speakers today will make an opening statement. Then we will be happy to take your questions.

I would just like to remind everyone to identify yourself and your organization when you ask a question, and if you could make sure that your cell phones and pagers are turned off.

The topic of today's press conference will be on the Development Committee and development issues.

Thank you.

Chairman Belka?

**MR. BELKA:** Thank you.  
Good evening, ladies and gentlemen.

I am the Development Committee Chairman. I am pleased to be joined by Jim Kim and Christine Lagarde.

Today's meeting gave us a chance to exchange views on several important areas.

First, the global economy remains vulnerable. Challenges persist in many developed economies. Growth is slowing in major emerging economies.

We reiterated our commitment to taking decisive actions to promote growth and development, to continued support for an open global economy and to meeting our pledges of development assistance.

Second, we discussed the new World Development Report on Jobs.

Third, we shared views on ways that countries can better prepare themselves to minimize the impact of natural disasters on their development.

We thank the Government of Japan for hosting these Annual Meetings as well as the Sendai Dialogue on Managing Risks from Natural Disasters.

Finally, we took advantage of this opportunity to welcome President Kim, the Bank Group's new President, and to begin to explore the new thinking he is bringing to the Bank Group.

More details are in the Communiqué, background papers, and Governors' statements, which are all publicly available.

Thank you very much.

Now I would like to pass the floor to Jim and Christine.

**DR. KIM:** In honor of our Japanese hosts, I would like to start my remarks by making some comments in Japanese.

[INTERPRETED FROM JAPANESE]: Good afternoon, ladies and gentlemen.

With grateful support, I am attending the Annual Meetings as President for the first time. I have been to Sendai. I have enjoyed the hospitality and kindness of the Japanese people. I have enjoyed an extremely good bond.

Thank you very much indeed.

[IN ENGLISH]: I don't know if there was translation, but if not, too bad.

I want to first of all just thank--

[Applause.]

**DR. KIM:** --thank you--I want to thank the Japanese people and the Government of Japan for just a truly outstanding meeting.

The Japanese Government I think demonstrated to all of us the character of the Japanese people by responding to the great tragedy of March 11, 2011 by insisting that these Meetings focus on ensuring that all countries, especially developing countries, have access to all the tools they need for disaster risk management. We are so grateful to them. I want to thank Madame Lagarde for her leadership, her mentoring of me, her eloquent Plenary remarks, and also to Development Committee Chairman Marek Belka for his leadership and contribution.

I also want to congratulate my European colleagues. Many questions have been raised in recent years about the European Union. The Nobel Committee's awarding of the Peace Prize to the EU is a powerful reminder of just what the Union has done to shape history in a positive way.

These Meetings were my first as World Bank President. From my discussions with Governors, Ministers, civil society representatives, and many other stakeholders, I have been impressed by the depth and breadth of views.

In fact, many took to heart our campaign "What Will It Take?" and told me directly exactly what they think it will take to end poverty. Many also wore our t-shirts that had the simple phrase: "End Poverty."

For me, that message, "End Poverty," is what I think about every day on the job as President of the World Bank Group. I think of that message and the message of boosting shared prosperity so that families or young people can have hope for a brighter future that includes a good job, access to health care and good education.

The economic environment today is tough and very disconcerting. I believe that the World Bank Group has a role to play in all countries around the world, and all countries of the

world can work with the World Bank to find solutions to some of the most difficult issues in development today.

I want the Bank to be transformed from a “knowledge Bank” to a “solutions Bank” that will be a clearinghouse of ideas from the North and the South on how to most effectively deliver services to those who need them most.

Let me emphasize how important it is during these times to keep developing countries in the forefront. We still live in a world that has more than one billion people living in absolute poverty. We must all work to make sure that the impressive gains in Latin America, Africa, and Asia over the past generation are not lost now.

In just the last few years, growth from developing countries accounted for more than half of global growth. It is in everyone’s interest that these countries continue to grow and continue to be such strong contributors to the global economy.

I would like to again thank our Japanese hosts and close by highlighting the winner of the World Bank High School/Junior High School Development Slogan Contest. From more than 1,600 entries, the winner is Ms. Mayu Muto from the Hiroshima Prefecture Yoshida Senior High School.

Her slogan was: “Hinkon-de kimi-no mirai-wa jama sasenai.” “We will not let poverty hamper your future.”

Thank you very much.

Managing Director?

**MS. LAGARDE:** Thank you very much.

Many of you have heard me before, and I am going to just limit my comments to three points.

One is I am absolutely delighted to have Dr. Jim Kim as my neighbor across the street and as President of the World Bank. For those of you who would worry about our relationship, we are working together very well, and we are very, very pleased to do so, and we will continue to do so, particularly in the area of jobs and growth, with our respective expertise and in response to our respective membership as well.

Second, last year, I had told you that I would commit to raise resources, and I did. In April, I came to you to confirm that I had raised \$456 billion for the general resources of the Fund but that I was now embarking on my fundraising exercise for the low-income countries.

Job done.

The Poverty Reduction and Growth Trust Fund is now replenished. The first tranche of the windfall profit on the sale of gold done by the IMF has now been allowed into the PRGT. We reached the 90 percent majority that was required. And the second tranche that was necessary for the PRGT to be sustainable after 2014 has now been approved by the required majority of 74 percent of my membership.

So, on the funding, we have--the membership has done the job--and there is no concern about the financing of the Poverty Reduction and Growth Trust going forward.

Third, we have conducted a study of how efficient our facilities are for low-income countries. If the conclusion had been that they were not efficient, that they had to be improved, we would have changed them.

The conclusion of the research--and we have done many, many programs over the years on low-income countries--is that the facilities we have available are fine and suitable for the job.

More to the point, it also shows that those low-income countries that have used such facilities have in the main fared better than those low-income countries that have not used the facilities of the IMF. So I am not claiming credit for that, but it clearly shows that it has been efficient.

And a final point in the area of what the Fund can do. We are just about to open a fifth Regional Training Center in Africa to respond to the very heavy demand on capacity building and training in the areas that the Fund is good at--that is, institution building in the field of public finance, essentially.

Thank you.

**MR. MILLS:** Thank you very much.

Thank you for your patience. We started a little late. We would like to try to keep on schedule, so if you could keep your questions short, please.

Yes, right there in the third row.

**QUESTION:** Thank you very much.

I am Toshiko Ogata with the Asahi Shinbun, a Japanese Newspaper.

I have a question to Dr. Kim, and first of all, thank you very much for your kind remarks in Japanese. We all Japanese really enjoy your kind words.

And first of all, my question is about disaster risk management, as you touched on. There has been a lot of talk on that issue throughout this meeting, but there were opinions or voices from developing countries which said that risk management, disaster risk management, would be important but there is a real need for food or health for them. So, it would be difficult for them to prioritize those needs. How can you strike a balance on those issues?

And secondly, just quickly, on slowdown of the emerging and developing countries it is now clear that the emerging economies and developing economies face ripple effect from global crisis. How can you help those countries, how can you help those needs a World Bank President.

**DR. KIM:** Did you say "ripple effect from food prices"?

**QUESTION:** From global crisis, so financial crisis, European financial crisis.

**DR. KIM:** Financial crisis? Okay.

Let me start with disaster risk management. So, there are two parts of disaster risk management: There's the prevention and of course there's the capacity to respond.

The effort that we're embarking on with the strong support of the Japanese government is to really tackle both of those issues. For example, the contrast couldn't have been more clear: Driving through Sendai, of course there was tremendous devastation along the coastline, but in the city, despite a 9.0 earthquake, the buildings were all standing, and that's because the building standards here are just the highest standards in the world.

And contrast this with a country that I've worked in a lot, Haiti, everything collapsed with that earthquake, and it was actually a milder earthquake than the great East Japan earthquake,

including the presidential palace. I mean, can you imagine? The presidential palace crumbled to the ground.

So, the task is to now try to work into our building standards a different level of prevention. We understand very much that it's not easy, but we are supporting the poorest countries in going down that path.

Moreover, once a catastrophe happens, the ability to respond quickly is usually not present. And so, we've set up something called catastrophe drawdown mechanisms, where the money we make available immediately--and so that, if there is a--it's like a form of insurance, and if there is a catastrophe they will immediately have access to it. So, both on the prevention side and in the response side, we feel that we're prepared.

In terms of the overall effect of the global economic downturn, maybe Madame Lagarde can talk about it, but I can tell you what we're doing.

One of the great stories of the last five to ten years is that the average growth in Africa has been 5 percent. Latin America has been growing and even with the crisis the growth has continued although at a lower rate, and many Latin America countries rebounded very quickly to the crisis.

And so, our main concern is to ensure that the gains of the last ten years are not wiped out with this crisis, and we're doing it in many different ways, but the key for us is to continue to invest in developing countries and continue to help the countries down a path where it is not just responding to the crisis, but thinking in terms of long-term responses, as well.

And when I say--is there's all kinds of ways of responding quickly. You can ban food exports, you can close down trade channels, and we think that's not a good idea, that they need to understand the fundamentals that help them have that growth over the last decade and continue down that path.

**MR. MILLS:** Yes, right here. Thank you.

**QUESTION:** Thank you very much. My name is Kim Chanam [phonetic], I am journalist.

Would you know the [unclear 0:05:09] and I think of China and Korea and Japan, there are many, many problems. So, like European--EU--European Union, tradition of Asia Union I like--would you [unclear 0:05:41]--

**DR. KIM:** Well, it's what I--I'm sorry, I didn't understand.

**QUESTION:** [In Korean – not interpreted].

**DR. KIM:** Well, so, it's--this is a very complicated question and, at this point, these are issues that have to be resolved by these governments and I--let me just say this: I think while there are conflicts now over territory and the like, I have to say that my own sense is that the forces that bind China, Korea, and Japan together are far more powerful than the forces that pull them apart, and I think that, in my discussions with leaders, all of them understand on a very deep level that increasing trade and increasing cooperation between these three countries is critical for the growth of all three.

And I think that, over time, and maybe even very soon, the problems will be resolved and they will continue to find ways of cooperating more effectively.

**MR. MILLS:** Yes, and to the back, please. Yes, yes. Thank you.

**QUESTION:** Asit [phonetic] from Mint Newspaper, India.

There have been concerns raised by many countries, including the G-24 recently, about the declining financial resources of the World Bank.

So, Mr. Kim, do you--what exactly the World Bank is doing regarding this.

**DR. KIM:** Well, we're actually in a very good financial situation. We've had very good financial management and I--at this point, there are lots of opinions about financial adequacy and we're actually doing very well. The management of the resources has been very good.

Now, in a low interest rate environment, our income does go down. And so, if the low interest rates continue for a very long time, then I think we'll have to be creative.



But right now, we're doing okay, and our capital is relationship to the demand. And so, we respond to the demand that we have. And right now, I would just say that we're keeping up.

Any discussion of capital, though, has to include all of our member countries, because it's a very difficult and important issue. So, I don't think we need to have that discussion right now, but if we do, we'll be sure to have it with all of our member countries.

**MR. MILLS:** Yes, sir, right here.

**QUESTION:** [INTERPRETED FROM FRENCH] Thank you, I'm Bashir Sila [phonetic] from La Republique of Guinea Conakry.

I would like to hear Madame Lagarde come back on the trust fund, the PRGT, what has constituted it and what will it be used for, and to what extent with the World Bank and the IMF be able to help countries with good natural resources to husband those resources and use them to their best. We in Guinea are working with the multinational corporations to have a cooperative approach so that we can use the proceeds to combat poverty.

**MS. LAGARDE:** [INTERPRETED FROM FRENCH] Well, hello, and I will answer you in French, since I have that opportunity.

As to the financing of the poverty reduction and growth trusts, it is a fund which provides concessional lending. The interest rate at present is zero, and this is provided to the countries classified as developing countries, so, where we have been able to have the first tranche, and this came from the windfall savings from the sale of gold, with more than \$1 billion to finance this trust and we also have additional resources which were not scheduled but were able to be derived from the sale of gold, also to replenish and finance this PRGT trust, and this is something that enables us to have fairly clear sailing, financially speaking, for this trust.

As to the husbanding of natural resources, we are working in terms of training and we are helping countries to manage their resources, particularly for the countries that you were referring to.

**MR. MILLS:** Right here, in the second row.

This will be our last question.

**QUESTION:** This is for Mr. Kim. I am Amir Sakir from the Sandalidas [phonetic], Sri Lanka.

Does the World Bank have a development agenda for Myanmar?

**DR. KIM:** So, let me answer that question in several ways.

First of all, we are very engaged in Myanmar right now. We're in the process of working with the government to really sort through the arrears there. We're working with them to have a full understanding of the nature of the arrears and we are very anxious to move forward, together with other donors.

We are in Japan right now, and of course the Japanese are very eager to move forward, as are many other countries.

And so, we are expecting that in the early part of 2013, we will have been able to sort through the arrears and put together a plan for clearing them and then move forward.

In terms of a development agenda for Myanmar, it's really important to point out that it will be their development agenda. Myanmar has very clear ideas about where they'd like to go, infrastructural projects. I think that as in any country, the country has to take the lead, and we are already in discussions about what the priorities might be. I think there is a great concern about providing basic services to the people.

And so, we will follow Myanmar's lead, and I would say this: The other thing that is very important, I have met with leaders of Myanmar, especially at the UN General Assembly meeting some weeks ago, and we're very impressed with reforms that they've gone through, but they are still a ways to go. I mean, there is still more to do and we are very supportive of the current government and we will be especially supportive as they go through with further reforms.

**MR. MILLS:** Very good. Thank you very much.