President Knapp, Dean Brown, distinguished faculty, students, and guests,

Thank you for hosting me here today. It is a privilege to be with you to talk about the challenges before us in the world – and how the World Bank Group is working to become as effective as possible in improving the lives of the poor and vulnerable.

When we look across the world today and think about the most pressing issues, the ongoing fiscal uncertainty in the United States greatly concerns us. Our hope is that policymakers resolve these issues soon. This uncertainty, combined with other sources of volatility in the global economy, could do great damage to emerging markets and developing countries in Africa, Asia, and Latin America that have lifted millions of people out of poverty in recent years.

We also can’t help but focus on the upheaval that is taking place in the Middle East. Syria is now in its 30th month of war and the toll has been horrific. More than 100,000 people have been killed, 4 million people have been displaced and another 2 million Syrians have fled and become refugees in neighboring countries, adding great burdens to Jordan and
Lebanon in particular. The fighting continues within Syria, and the impact of broken lives and broken economies only grows by the day.

We should not avert our gaze from the Middle East. The World Bank Group has been playing several roles. At times, we are in the backrooms with diplomats and at others we are on the frontlines with humanitarian aid workers. Always, we are working with governments, or companies, or civil society groups to help build strong and sustainable foundations for development. This supports the livelihoods of millions of people in the Middle East, and billions more around the world, who aspire to good jobs, a good education, and access to quality health care.

A critical part of our work is in countries emerging from conflict, affected by conflict, or stuck in a persistent state of fragility. As we know all too well, when a country remains in a long state of fragility, conflict often erupts. The World Bank Group and the wider global community need to confront the complex institutional and social challenges in these fragile states, because the cost of inaction is high and the reward of well-designed interventions is great. When we have the opportunity to build institutions, infrastructure, and human capacity in fragile states, or when we can put together a deal that brings in desperately needed private sector investment, we must seize it. When we fail to help countries develop in a way that is inclusive or fail to help countries build strong governance, we are all affected by the result, which is often a country engulfed in flames, as is Syria today.

**Drivers of conflict**

In the Middle East, most of the countries experienced relatively strong growth of 4 to 5 percent a year in the decade before the Arab Spring. Yet serious problems were lurking below the surface. An increasingly educated young middle class was frustrated that the few available jobs were reserved for those with more connections than talent. The private sector operated by earning privileges from the state, leading to a form of crony capitalism that only helped a few, and undermined exports and jobs.

The inequities – and the anger – filtered even to the very young. When a million people poured into Tahrir Square in Cairo in 2011 to protest their government, the children of the protesters held protests of their own in classrooms. They demanded better instruction. This is what happens when prosperity is reserved for a select few. All of those left out feel deeply, the burn of inequity.
The ongoing crises have left many Middle Eastern countries with a triple challenge. First is restoring macroeconomic stability; second is reforming their economies to meet the high expectations of the people who marched in the streets; and third is managing the transition to new constitutions and more open, contested, multiparty elections. These challenges would be daunting for any single country. But they have all come together in one region. That makes it all the more important for the international community to marshal its resources to support those brave women and men who risked their lives to demand the basic human dignity that is their due.

That also makes it important to come to the aid of Jordan and Lebanon today. The World Bank provided $150 million in emergency aid to Jordan just a few months ago, and we just completed a comprehensive economic and social impact assessment of Lebanon that found the country has lost billions of dollars due to the war in Syria.

Lebanon now hosts more than 760,000 Syrian refugees, which could be likened to 56 million refugees entering the United States, 45 million of which would have entered since this January alone. Think of the disruption. Last week, I attended the UN General Assembly meeting of the International Support Group for Lebanon. Donors pledged some funds for the country, but we need to do much more or we risk catastrophe in Lebanon.

Our two goals

Just six months ago, our board endorsed the two goals of the World Bank Group: the first is to end extreme poverty by 2030; the second is to boost shared prosperity by promoting real income growth for the bottom 40 percent of the population.

How does this relate to the situation on the ground in the Middle East and in other poor countries? The goal of ending extreme poverty stands on its own as the moral underpinning of all that we do. The fact that more than a billion people live on less than a dollar, 25 a day in 2013 is a stain on our moral conscience. We must help lift people out of poverty without delay, without prejudice, no matter the circumstance, no matter the locale.

Our second goal of boosting shared prosperity is more complex, but relevant to the entire world. The protests during the Arab Spring, and the more recent ones in Turkey, Brazil, and South Africa were rooted in the universal desire to participate in the global middle class.

Today, leaders around the world realize that boosting shared prosperity for the bottom 40 percent is becoming more and more critical to ensure stability. It used to be that much of this discontent boiled under the surface. But social media has created an enormous “virtual
middle class,” as Thomas Friedman has called it, who will continue to knock on, and then break down, the door of opportunity.

The lesson is that we should pay much more attention to whether growth reaches all the population, and not just the elite. One way to do so is by looking beyond the overall GDP growth; we need to directly monitor income gains among the bottom 40 percent. Economic progress must also be environmentally and financially sustainable over generations.

So how can incomes of the less fortunate increase in a sustained way? There is more than one path to shared prosperity. One path is through increased opportunities driven by greater economic growth. Another is through a stable social contract, which focuses on raising the living standards of the poor and the disadvantaged. Both paths can lead to improved opportunities for citizens if societies can become more dynamic and productive with greater room for social mobility.

Reaching our first goal of ending extreme poverty by 2030 will not only be historic. It will be extraordinarily difficult. Today, our economists estimate that the number of poor people hovers at just over one billion people, or 150 million fewer than in 2010.

We are making progress, but nothing is assured in this battle, and it will get much tougher the closer we get to the goal. Global growth could be slower than historic trends. Disasters driven by a changing climate could reverse years of development success. Investors could become even more skittish. Long-term financing for much needed infrastructure – already scarce – could dry up.

At the World Bank Group, our two goals require us to deliver results for people. As Dr. Martin Luther King Jr. once said, our goals must be “transformed from thin paper to thick action.” What will we do—all of us—to translate our plans into effective action to end poverty?

**A World Bank Group strategy**

Our answer is that for the first time, we have a strategy that will bring together the entire World Bank Group – the Bank, which works with governments; the IFC, our private sector arm; and the Multilateral Investment Guarantee Agency, or MIGA, which provides political risk insurance. We just released it a few days ago. Never before have we defined a strategy that gives us a comprehensive roadmap to guide all parts of our institution around common goals and principles.
Why is this important? Bureaucracies sometimes operate in ways that keep people away from each other. They tend to create self-enclosed areas of influence. These areas become well-guarded bunkers, or silos. I know something about silos. I grew up in Iowa, and we had lots of them. Those silos of corn stood starkly alone, especially during those long cold winters. Silos perform a critical function in the cornfields of Iowa but they have no place at the World Bank Group.

How can we – or any other large organization – meet our highest aspirations of serving the poor if we work in a collection of silos? We need to connect the brilliant minds in our institution so that their knowledge flows freely.

The World Bank Group strategy is based on the conviction that the entire organization will work and together as a seamless whole to achieve our inspiring goals. And we know that if we are to have any chance to succeed, we must be selective – first, we must choose our priorities and then, abandon those activities that don't make the cut.

What will we stop doing? We won't continue working in areas in which others are better. We won't enter projects for the sole purpose of meeting volume targets for the year. We won't take on projects just to plant our flag on the ground. And we won't tolerate behavior that promotes individual interests over the common good.

So what are our principles?

We will ensure that all our activities have a relentless focus on our two goals.

We will become better partners to others so that together we can achieve those goals.

We will be bold.

We will take risks –smart risks. And by that, I mean we will invest in projects that can help transform the development of a country or a region – even if it means we might fail.

We will excel at delivering local solutions by taking our global knowledge and making sure it is available to countries and companies that need it.

We will take advantage of our deep experience to lead cutting-edge global practices on issues such as finance, education, health, infrastructure, energy, and water.
We will always look for opportunities to help countries invest in their people. We must help countries become more competitive, and a powerful way for them to do so is by investing in the education, health, and job training of their citizens.

And we will look to create innovative financial tools that can open up new opportunities for long-term financing that countries desperately need.

**Making the strategy a reality**

Our strategy calls for us to become a Solutions Bank with results for the poor as our central benchmark. Three elements of the strategy are worth highlighting.

First, we will partner with the private sector to use their expertise and capital to fight poverty. This is particularly important to create good jobs for the poor.

Second, we will increase our commitment to fragile and conflict-affected states, which will require us to be bolder, take more risks, and commit more resources.

And third, we will be as ambitious as possible on issues that are of global importance, including investing in women and girls and combatting climate change. Our response to climate change, for instance, must be bold enough to match the scope of the problem.

**Creating good jobs**

On the first element, one of the highest priorities at the World Bank Group will be to help create jobs. How can we most effectively help regions and individual countries position themselves for private-sector-led job growth? The scope of the challenge is daunting – the world needs to create 600 million new jobs over the next decade.

A critical pathway out of poverty for the poor is through providing an open and transparent connection to local and global markets. This access can unlock entrepreneurial potential for millions.

For example, one of IFC’s clients, Ecom, connects cocoa, coffee and cotton farmers in over 30 countries to global markets. Last year, Ecom helped more than 134,000 farmers and thousands more through farmer organizations.

We also are expanding our group of partners to include those which are pioneering new business models. Just two weeks ago, I met Jack Ma, the founder of Alibaba, a Chinese firm that, among other things, accounted for 60 percent of the 8.8 billion packages mailed inside China last year. He showed me his black canvas shoes, which were made by a
woman in a small village in China. Alibaba was able to drive logistics prices so low that this woman could market her shoes and ship them anywhere in China at a better price than the local shoe store. In just a few years, Alibaba has fostered the creation or growth of over 6 million small and medium enterprises in China.

That is an example of a transformational business model. But there are many environments that Alibaba and other companies stay away from. We at the World Bank Group serve as a trusted advisor to the private sector, and that often means we will be the first to venture into a risky environment in order to make others feel more comfortable to invest. We know that there are several trillion dollars managed by sovereign wealth funds and institutional investors; much of it is sitting on the sidelines in low-performing funds. So we will actively work to find new ways to attract these private funds to developing country projects. One recent example was our launch of the Managed Co-lending Portfolio Program in China. The Chinese government agreed to invest $3 billion, alongside IFC; other countries are expressing interest in joining the program.

**A priority on fragile states**

The second example of our strategy involves our commitment to taking risks in some of the most troubled places in the world: fragile and conflict-affected states.

Earlier this year, UN Secretary General Ban Ki-moon and I traveled to the Great Lakes region of Africa to support the Peace, Security, and Cooperation Framework, signed by 11 countries. The region has been in a state of war for more than two decades, and rebel groups in the eastern Congo started a new battle a few days before we arrived. Just a couple of hours before we arrived in Goma, the groups called a cease-fire. Despite the tension, crowds of people, most of them women, lined the roads from the UN base to a local hospital. They cheered our convoy. But they also held high signs that spoke of the deep trauma they have experienced. I’ll never forget one woman’s sign. It said simply: Stop the rape. Indeed.

We must move much more quickly, more urgently, to create peace dividends for countries emerging from years of conflict. We know that you can’t have development without peace. But too often we forget that peace won’t last without development. In the Great Lakes region, we moved quickly to amass an additional $1 billion assistance package to help the region. Shortly after our visit, the Bank’s Board approved $340 million to help finance the Rusumo Falls run of the river hydroelectric project to bring power to millions of people.
Today, I pledge to significantly increase our support to fragile and conflict-affected states. I hope to increase the share of IDA core financing – the Bank’s fund for the poorest – to fragile states by about 50 percent in the next three years. IFC, our private sector arm, also will commit to increasing its support for fragile states by 50 percent over the next three years.

The challenge of climate change
The third and final example of our strategy is directly related to our shared prosperity goal. Shared means not only making sure that those at the bottom are part of the growth process, but also that growth will not come at the expense of future generations. We need to share the planet and its resources with our children, grandchildren, and great-grandchildren, and that means we must have a bold plan to combat climate change.

Climate change poses a fundamental threat to development in our lifetime. It has the potential to put prosperity out of reach for millions of people. Every region of the world will be affected, and those least able to adapt--the poor and most vulnerable--will be hit hardest. If we want to end extreme poverty, we have to build resilient communities and mitigate shocks, like climate disasters, so that poor people can make gains in their lives--and keep those gains for the long term.

Tackling climate change is not an effort that governments can take on alone. We need a response that brings together governments, private sector, civil society, and individuals, following a coordinated, ambitious plan. We can help in many ways, but perhaps most fruitfully by highlighting the increasing costs of climate change and by mobilizing climate finance from the public and private sectors.

The economic costs of extreme weather events are stunning. Coastal city flooding costs $6 billion a year today, but could reach $1 trillion a year by 2050. Investing $50 billion a year in protection would avoid those costs, and free up $950 billion every year to invest in better schools, hospitals, and social safety nets.

Today, I am committing the World Bank Group to direct a greater share of our own financing toward this battle and also to work with all partners interested in working on this problem in a serious way.

Clean energy is our starting point. We will bring together knowledge, best practice, and financial support for countries to address the high costs and policy barriers for the adoption of cleaner energy solutions. We are on track to complete renewable energy resource
mapping in at least ten countries over the next three years. We will enable energy subsidy reforms in at least 12 countries and work with partners to create new business models for cooking and lighting that utilize the rapidly improving technology of microgrids. I would also like to see at least 10,000 megawatts of additional capacity installed globally with our direct support in three years -- that’s equivalent to the entire installed capacity of Peru.

**Conclusion**

We can reach our goals of ending poverty, boosting shared prosperity, and sharing that prosperity with future generations – but only if we work together with an altogether different sense of urgency. As I mentioned earlier, we must build a social movement to end poverty. That means we need help from all of you sitting here today, or watching this webcast, or hearing about it over Facebook, or in a tweet.

Just six months ago, the board of governors for the World Bank Group laid a foundation for a social movement by endorsing our two goals and declaring that we can end extreme poverty by 2030. Now we are seeing interest from all corners. Political leaders, including President Obama and UK Prime Minister David Cameron, are calling for an end to poverty. Faith-based groups such as World Vision are calling for an end to poverty. The One campaign, Oxfam, Save the Children, RESULTS, and many other civil society groups are calling for an end to poverty. And young people are calling for an end to poverty.

Just this past weekend, 60,000 people gathered on the Great Lawn of Central Park to watch the Global Citizens Festival, which rallied around the goal of zero poverty by 2030. I ask all of you here today – join this movement. Propel it forward. There are many things you can do – and one you can do from your seats on your smartphones right now: log on to the Global Poverty Project website -- [www.zeropoverty2030.org](http://www.zeropoverty2030.org), that’s [www.zeropoverty2030.org](http://www.zeropoverty2030.org) -- and sign a petition to end poverty in a generation. Let world leaders know that this is an issue of fundamental importance to you.

Our goals are clear at the World Bank Group. End extreme poverty by 2030. Boost prosperity and ensure that it is shared with the bottom 40 percent and with future generations. We have an opportunity to bend the arc of history and commit ourselves to do something that other generations have only dreamed of. At the Central Park concert, I called up my four-year-old son, Nico, to join me on stage. It was a way to make this goal tangible. When Nico is my height and a senior in college like some of you, we could hand over to him and his classmates a world free of extreme poverty.
This is the defining moral issue of our time. We cannot let over a billion people suffer in extreme poverty when we have the tools and the resources to change their lives for the better. We cannot allow the bottom 40 percent of the population be denied opportunities for jobs, health, and education. We can do better. We have to do better, for Nico, for four year olds all over the world and for all future generations. For some problems like climate change, time is of the essence, but to quote Martin Luther King again, the time is always ripe to do right. Now's the time and we are the people. Let's make it happen.

Thank you very much.