

Opening Remarks by World Bank Group President Jim Yong Kim at the Fragility Forum 2018

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Good morning. Welcome to the World Bank Group, and thank you for being part of this year's Fragility Forum. We hold this forum every two years, and thanks to all of you and our dedicated team, it has evolved into one of the world's premiere events on fragility issues.

These issues are absolutely critical to our goals of ending extreme poverty and boosting shared prosperity. We have absolutely no chance to end poverty without addressing fragility, conflict, and violence. Right now, about 2 billion people live in FCV areas – 323 million of them in persistent fragile and conflict-affected states.

While extreme poverty has dropped below 10 percent worldwide for the first time in history, it's getting more concentrated in the most fragile places. We estimate that by 2030, 46 percent of people living in extreme poverty will live in countries afflicted by fragility, conflict, and violence.

The only way to solve this crisis is to urgently increase our work in the economic space between war and peace. That means we must:

- Address sources of instability, to prevent conflict before it begins;
- Build resilience to fragility, so that countries can recover quickly when conflict does occur;

- And deepen partnerships across the security, humanitarian, peace, and development communities.

Addressing drivers of instability has to start with finding new drivers of economic growth, and right now that's a real challenge in many parts of the world. Nearly everywhere I go, I see people on smart phones. Thanks to the internet and social media, nearly everyone knows how everyone else lives. Our research suggests that as people access the internet, their satisfaction initially goes up – but so does their reference income, the income to which they compare their own – which raises aspirations.

And there's little question that aspirations will continue to rise. Some studies estimate that by 2025, all 8 billion people around the world could have access to broadband – and that's a great thing for developing countries and a powerful accelerator of aspirations.

At the same time that aspirations are rising, automation and technology are doing away with scores of tasks and eliminating many of the muscle-based jobs. Many knitting factories, in places like Bangladesh, which used to employ hundreds of people per factory, are becoming fully automated.

Bangladesh alone needs roughly 2 million jobs per year to keep up with its growing labor force, but World Bank data show that new jobs in the garment and textile trades are falling. Between 2003 and 2010, 300,000 jobs were created annually, but this year, just 60,000 jobs were created. Our lead economist for Bangladesh calls it “a social time bomb.” This isn't just an issue in Bangladesh, but throughout Asia and Africa.

So if everyone's aspirations are going up, and technology is replacing cheap labor in developing countries, we're going to have to answer some very difficult questions – What on earth are people going to do? How will they support their families? If people's aspirations are met with frustration, are they a better target for extremist groups seeking to radicalize?

To answer those questions, we're working to –

- Use our resources and expertise to de-risk projects and sectors; create markets; and crowd-in private sector investment in developing countries;
- Help countries invest more – and more effectively – in their people through a new, accelerated effort called the Human Capital Project, which will include a ranking of how countries invest to improve outcomes in health and education to build human capital;
- And partner with governments and development agencies, investors, tech companies, and the mobile telecom industry to help countries digitize and develop economic solutions that work for them.

By focusing on economic growth, jobs, and investments in people, we can help prevent instability and conflict before they begin.

But too many areas are already embroiled in fragility, conflict, and violence.

That's why in the latest replenishment of IDA – our fund for the poorest countries – we have more than doubled our resources to build resilience in fragile and conflict-affected areas. It's why we created additional IDA funding on top of that for vulnerable communities such as refugees, to help at-risk countries avoid falling into conflict.

Part of that work focuses on reconstruction and rebuilding countries stronger in the wake of conflict. Last month, I was at the Kuwait Conference on Iraq Reconstruction. Our support for Iraq over the last four years has grown from 600 million dollars to 4.7 billion dollars to help rebuild the country after the defeat of ISIS.

And we're not just mobilizing public sector loans. We're focusing on crowding in private investment to help grow economies, create jobs, and rebuild infrastructure after years of war. IFC, our private sector arm, has invested and mobilized 1.2 billion dollars in Iraq, supporting over 3 billion dollars in private investments across a range of sectors, including power, transport, telecoms, hospitality, agribusiness, and banking.

Over the past several years, we have worked closely with partners around the world – including many of you – to address challenges of fragility, conflict, and violence. At the Munich Security Conference, I met with generals and defense ministers who understand, very clearly, the implications for peace and stability if we fail to create jobs and economic growth in developing countries.

That effort includes working with the U.S. Africa Command; with partners such as Germany, France, the EU, UNDP, and the African Development Bank on the Alliance for the Sahel – in which Minister Kané of Niger – who you'll see on the stage shortly – is playing a key leadership role.

We're also working closely with Prime Minister Khaire of Somalia, who is here, on a new initiative to move resources upstream and use new financial instruments to prevent famine before risks spiral into outright crises. That's something we've seen play out painfully over the last year, not only in Somalia, but in Northeast Nigeria, South Sudan, Yemen, and now in DRC. Finally, we must remember that these are not just problems for low-income countries. Whether it's the flow of refugees, the threat of pandemics, or the severe damage to economies – fragility, conflict, and violence anywhere is a threat to stability around the world.

This is something Minister Fakhoury of Jordan, who will join you shortly, knows all too well. Jordan – a middle-income country – has provided an enormously valuable global public good by opening its borders to Syrian refugees fleeing war. The world owes Jordan an enormous debt of gratitude for the generosity of its people.

With partners such as the UN, the Islamic Development Bank, and others, we're responding to Jordan's needs with the Global Concessional Financing Facility – a fund that provides financing at the levels typically reserved for low-income countries to help create jobs and provide education, healthcare, and infrastructure for both Syrian refugees and their Jordanian hosts.

These are all critical efforts, but they're only a start. We're eager to hear your ideas about innovative ways we can work together to address drivers of fragility, prevent conflict, reduce violence, and help countries build resilience. Thank you for joining us for this important forum, and for your invaluable work. I look forward to working with you to tackle these crises with the full institutional commitment of the World Bank Group in the months and years to come.