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Address by **JIM YONG KIM**,
President of the World Bank Group,
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Mr. Chairman, Governors, Ministers, Distinguished Guests, and citizens of the world,

I am honored to address you for the first time as the President of the World Bank Group.

I would like to thank the Japanese authorities for their warm welcome and hospitality. We are all inspired by the resilience and determination Japan has shown in recovering from last year's earthquake and tsunami. And we are grateful for the generous contribution the Japanese people have made to global development over many decades.

Let me also thank Riad Salamé and Marek Belka. And Christine, thank you for your invaluable support over my first three months on the job.

It has been nearly half a century since these Annual Meetings were last held in Tokyo. Back then, Japan was in the midst of its remarkable economic transformation. In Europe, countries that had spent centuries at war were forging peace through greater economic integration. In Africa, the wave of independence was opening new opportunities for self-determination. And in America, institutionalized racism was being confronted by a civil rights movement.

Martin Luther King, Jr. captured this universal quest for progress and dignity when he said: "the arc of the moral universe is long, but it bends toward justice." Dr. King's statement revealed a fundamental optimism about the human condition, an optimism which has fueled my life and which I carry with me to the World Bank Group.

However, our progress is not preordained – it depends on collective action. The transformations that took place five decades ago reveal how individuals working together can bend the arc of history toward more opportunities for more people in more places.

A Challenge to Bend the Arc

As we meet in Tokyo a second time, our era is once again defined by extraordinary challenges. Four years after the global financial crisis first struck, we are all still collectively seeking to rebuild stability and restore confidence. The ongoing economic and financial instability in Europe continues to threaten growth and jobs in developing countries. Meanwhile surging food prices are stretching the budgets of the poorest. And many countries in the Middle East are embarking on their most important transitions in generations.

Thanks to the generous IDA replenishment and capital increase, the World Bank Group stands ready to help developing countries as they act to protect themselves from today's instability and to secure their longer-term development goals. Already we are working to rapidly disburse funds to maintain growth-enhancing infrastructure investments. We are extending credit to small and medium enterprises. We're helping our clients strengthen social safety nets to protect the

vulnerable. And we're boosting the resilience of smallholder farmers through our lending in sustainable agriculture.

Across the world, people are bound together by their common hope for a better future. People like Oneida, a 26 year old woman from Honduras, who told us that to keep people safe from crime, her community needs "more policemen yes, but above all, more jobs." Or Dhangaur, a mother in India, who told us that to keep her children healthy she needs a clean neighborhood and clean air. They don't just want to escape poverty. They want to build and achieve all dimensions of prosperity, including higher incomes, good health, and quality education. And they want justice. Because wherever there is poverty and inequality, there is too often injustice.

I've witnessed firsthand how poverty inflicts violence on people's bodies and spirits. This makes all of us less human. Why do we tolerate this?

I've also seen how the marginalized possess extraordinary resolve to assert their dignity. Why does our resolve to end poverty not match theirs?

So here's the question I want to address this morning: What will it take for all of us – governments, the private sector, civil society, and multilateral organizations around the globe – to help the Oneidas and Dhangaur's all over the world realize their goals? And what will the World Bank Group do to help end poverty and build shared prosperity?

I am well aware that, in this challenging environment, support for development can fade in the face of other priorities. Many of you in this room have heard arguments that in the current economic climate, we cannot afford to renew our commitment to global development, to keep the promises we made in earlier times.

Well, today I am here to give you the counter-argument. Today, when many citizens are demanding greater inclusion and some may be losing hope, we have the opportunity – and I believe the responsibility – to build a new era of shared prosperity. With over one billion people living in extreme poverty and 200 million unemployed, now is not the time to go our own way or to focus only on our own narrow interests.

Because so much more is possible today and so much more is at stake.

Over the last decade, some 50 developing countries – collectively home to over 4 billion people – have seen their GDP grow by an average of at least 5 percent a year. Thanks to this growth, poverty has fallen more quickly than ever before; the first Millennium Development Goal (MDG), to halve the 1990 poverty rate by 2015, was achieved some five years ahead of schedule.

In Africa, new opportunities beckon, as I saw for myself when I visited Côte d'Ivoire and South Africa last month. At a World Bank-supported jobs training center in Côte d'Ivoire, I met ex-combatants who are laying down their arms and picking up pliers and screwdrivers, learning to become electricians. This kind of optimism is contagious, and it's spreading across the continent.

There was a time when we thought small land-locked countries could never grow sustainably; Rwanda's economic expansion of nearly 8 percent per year over the last decade refuted that. We used to think it was impossible to establish healthcare delivery systems in conflict environments; Afghanistan's dramatic extension of basic health services over the last decade refuted that. We thought that countries with deep structural inequities could not tackle persistent inequality; Brazil's success in lowering its Gini coefficient by 5 percentage points refuted that.

What we've learned is that nothing is pre-determined, every economy has potential, and the question is, how do we unleash it? As a child I emigrated to the U.S. from South Korea, a country which was then frequently described as a "basket case." Korea's economic success reminds us that we must never again be so immodest and pessimistic to assign such a label to any country.

When we look at the past decade of success and the gravity of the current threats facing the global economy, what can we say about the outlook for our future, here in late 2012? We face three potential scenarios for the medium term.

The first scenario is where most countries maintain their current development trajectories. Under this scenario the incidence of global poverty is likely to continue decreasing by about one percentage point a year, as it has in the recent past. Over the last two decades the developing world halved its overall poverty rate; maintaining this momentum will halve the poverty rate again over the next ten years. The number of people who join the middle class will increase appreciably. *This is impressive progress. But it is not good enough. We can do better.*

The second scenario is a darker one, where escalating crises in the global economy throw developing countries off their recent growth trajectories. High and rising inequality cuts off economic opportunities for people, and limits long-term growth prospects. *Under this scenario progress against global poverty would slow, and perhaps even reverse. We must avoid this outcome.*

The third scenario is the one that energizes me, that makes me excited to get up and go to work every morning. This is the path where we come together to bend the arc of history and accelerate progress. We help more people participate in and benefit from development. We build greater resilience so more people enjoy economic security. *And if we are willing to make the effort, we can virtually eliminate extreme poverty. This goal is not farfetched – it is achievable. Together we can make it happen.*

What will it take?

What will it take to get there?

Today, the global economy is at a critical juncture. What unites our diverse members is that all are searching for new solutions to secure a more prosperous, more sustainable, and more inclusive future.

As we all know, high income countries are searching for new solutions to create jobs, spur growth, and restore fiscal sustainability. Their success in this endeavor matters for all of us, because as we have all seen, economic crises in developed countries can quickly spread around the world. And because the commitment of developed countries to foreign assistance remains critical to advancing our shared development agenda.

The World Bank Group has long-standing experience in designing more effective social protection programs, improving investment climates, and identifying pro-growth public investments. As a global Bank, we stand ready to offer our knowledge and technical assistance wherever we are asked to do so, including in high income countries that are undergoing economic reforms.

Middle income countries are searching for new solutions to a different set of challenges. Many of these economies have grown rapidly in recent years. And yet, as we all recognize, the strategies they used to thrive in the past may not be appropriate for the challenges ahead. These include ensuring the participation of poor people in the growth process; closing infrastructure and energy deficits; enacting second-generation policy reforms; and embracing their roles as responsible and generous stakeholders in the global system.

The World Bank Group is already modernizing to meet the demands of our middle income clients, but I believe we can do better. We must become faster, more innovative, and more flexible. We're developing new diverse instruments customized to their needs, such as lending to subnational governments and financial services in asset management and hedging. And as emerging economies take on a growing role in the global economy, I am personally committed to ensuring they have a strong voice within our institution.

Meanwhile, low income countries are searching for new solutions to accelerate growth, boost competitiveness, and lift their citizens out of poverty. They see an opening to become the next generation of emerging markets by building more accountable institutions and more dynamic private sectors. In Africa, for example, several countries are discovering new natural resources that if managed well, can be transformative.

The World Bank Group will do more to help low income countries achieve this vision. Through IFC's Asset Management Company, to which Japan is a leading contributor, we are unlocking new investment funds for the private sector in frontier markets. And we will seek an ambitious IDA17 replenishment, which is one of my top priorities.

Fragile states, as I know from my own experience in Haiti, are searching for solutions to escape fragility. Countries that fall into civil war typically take a decade or longer to recover. The examples of countries like Mozambique, Rwanda, and Uganda, who have managed to overcome conflict, show us that three things are critical – security, justice and jobs.

The World Bank Group will need to move forward with an ever greater sense of urgency in assisting fragile states. That's why we're overhauling our operational systems and policies to respond quickly and decisively to risks when they materialize. We're providing our clients and partners direct access to the knowledge that will make a difference. And we're committed to

making sure we have capable and experienced staff in the toughest places, where they're most needed.

At a critical juncture, countries in the Middle East and North Africa are searching for ways to develop more inclusive political and economic models. The transitions underway in these countries remind us that the development process must be inclusive, transparent, and create opportunities for young people, especially young women.

At the World Bank Group we're taking this lesson to heart, and one of my priorities is to enhance our engagement with the region and rethink our approaches where necessary.

As the world's diverse economies address their specific challenges, they must do so in a sustainable way that does not deplete our shared natural resources. As a practitioner trained in the sciences, I know that we cannot ignore the scientific evidence on climate change and that we must embrace the urgent task of protecting our environment. If we do not, we risk creating a physical environment which will undermine and reverse development.

So at the World Bank Group we will work harder to promote investments in global public goods and sustainable development. We are championing natural capital accounting on the global stage to encourage countries to better understand and manage their natural assets. We're helping countries develop strategies for green growth. And we will prioritize good governance as a cornerstone of development, continuing to aggressively fight corruption.

What is clear to me is that this evolving world needs a strong World Bank Group. A World Bank Group that, through our lending, our knowledge, and our convening power, provides integrated development solutions for both today's and tomorrow's challenges.

Building a "Solutions Bank"

So in this evolving world, what's the future of the World Bank Group? Over the last three months, one of my highest priorities has been to meet with as many of our staff as possible. They are the Bank's greatest asset. One of the questions I've been asking our staff members is, when have you seen the World Bank Group at its best?

I heard about how we partnered with other donors to rapidly mobilize \$1.3 billion to assist countries in the Horn of Africa suffering from a severe drought.

I heard about how we worked with the Indian government to launch a groundbreaking crop insurance program, helping millions of farmer mitigate risk from weather fluctuations.

I heard about how a guarantee from MIGA, our political risk insurance arm, supported the first privately funded geothermal project in Africa, pulling in investors to this untested, but promising market.

These successes reveal an institution which is agile and innovative. Which steps into the toughest settings and acts transformatively. One which is humble, and mobilizes its technical expertise to deliver results at scale.

The natural follow-up question is: what will it take for the World Bank Group to be at its best on every project, for every client, every day?

And I believe the answer is that we must stake out a new strategic identity for ourselves. We must grow from being a “knowledge” bank to being a “solutions” bank. To support our clients in applying evidence-based, non-ideological solutions to development challenges.

Let me be clear: when I say we will be a solutions bank, I do not mean to suggest that we have ready-made solutions for every development problem. We do not, nor is this our goal.

Rather, as a solutions bank, we will work with our partners, clients, and local communities to learn and promote a process of discovery. Through decades of development work I’ve learned that the best solutions to economic and social problems often lie with the individuals and communities coping with these challenges in their daily life. They have been my greatest teachers. We must listen to and act on their insights.

To be an effective solutions bank, we will need to seek answers beyond our walls. Today knowledge is everywhere, flowing from entrepreneurs in Delhi to citizens in rural Mexico to civil society in Lagos to policymakers in Sarajevo. With our global reach, the World Bank Group is ideally positioned to connect and convene multiple stakeholders from around the world, brokering knowledge exchange across institutional boundaries.

To do so we will strengthen and expand our partnerships. This means reinforcing collaboration with the IMF, the U.N., and the regional development banks. And it means building new alliances with leading civil society organizations, foundations, academic institutions, and the private sector to advance shared goals.

A solutions bank will be more focused on delivery than ever before. During an era of constrained resources and daunting challenges, this is what both our donors and our clients demand. A number of our clients have increasing financial resources at their disposal. But all of our clients are challenged by delivery – the design, execution and demonstration of results.

Because most failures happen at delivery. When a government passes a strong anti-corruption law but little changes in actual practice: that’s a delivery failure. Or when a country invests heavily in primary education but still can’t get all its children in school, or ensure that they’re learning: that’s a delivery failure, too.

This is the next frontier for the World Bank Group – helping to advance a “science of delivery”. Because we know that delivery isn’t easy – it’s not as simple as just saying “this works, this doesn’t.” Effective delivery demands context-specific knowledge. It requires constant adjustments, a willingness to take smart risks, and a relentless focus on the details of implementation. One of the World Bank Group’s key comparative advantages is that we have

partnered with communities and policymakers across nearly all developing countries in every sector; to become a solutions bank we need to systematically leverage and apply the lessons from these experiences.

Being a solutions bank will demand that we are honest about both our successes and our failures. We can, and must, learn from both.

Our transformation into a solutions bank will take place over time, and we are still identifying opportunities to operationalize this shift. But today I want to highlight four early actions we'll be pursuing to speed this process.

First, we'll be establishing a clear and measurable bottom line. This will force us to take a hard look at everything we do and push us to be as effective as possible. The World Bank Group's mission is to end poverty and build shared prosperity. *That's why I've asked the institution to come up with a bottom line in the form of ambitious targets for these two goals.*

Second, we're strengthening our implementation and results. To do so we will change incentive structures to reward implementers and "fixers": people who produce results for clients on the ground. It should not take two years for a project to evolve from concept to implementation. We want to be held accountable not for process but for results. *That's why I will work with our Board to streamline our procedures, simplify our processes, and cut down project preparation time.*

Third, we will rapidly improve our ability to provide our clients with integrated solutions for maximum impact. Better synergies will reinforce our comparative advantage as the only global development institution that can credibly support the public and private sectors; provide access to exceptional knowledge resources; and offer risk insurance to energize investment. *That's why I've asked my management team to come up with a plan for building greater synergies across the World Bank Group to save costs and improve effectiveness.*

Fourth, we need to continue investing in data and analytic tools, building on the success of the Open Data initiative. Data are crucial to setting priorities, making sound policy, and tracking results. Yet many countries have weak statistical capacity, and lack reliable and updated economic and poverty data. *That's why we will work with our partners to ensure virtually all developing countries have timely and accurate data. And we will be reporting annually on progress in fighting poverty and building shared prosperity.*

When we meet again in six months, I will give you a progress report on how we are doing, letting you know what has been accomplished and where we need to push harder. I hope you and your Executive Directors will hold us accountable throughout this process, ensuring we set ambitious targets for ourselves and mobilize to reach them.

Conclusion

Let me end by noting that, in the 68 years since its founding, the World Bank Group has continuously evolved with a changing world. It was originally a "reconstruction bank," focused

on rebuilding Europe after World War II. Under Robert McNamara it became a “lending bank”, extending funding for poverty reduction in developing countries. Under Jim Wolfensohn, the Bank transformed again into a “knowledge bank”, expanding the institution’s own understanding of the development process and its role in promoting inclusive development. And recently under Bob Zoellick, the institution became more open and transparent. I am indebted to my predecessors for understanding their changing world and taking the World Bank Group forward.

I believe it is time for us to write the next chapter in our evolution: it is time for us to become a “solutions” bank. We must listen, learn, and partner with countries and beneficiaries to build bottom-up solutions. This is how we will increase our relevance and our value in today’s and tomorrow’s global economy.

At the World Bank Group we often talk about dreaming of a world free of poverty, the motto inscribed in the entrance of our headquarters. Well it is time to move from dreaming of a world free of poverty to achieving it. It is time to bend the arc of history. With global solidarity underpinned by a relentless drive for results, we can, we must, and we will end poverty and build shared prosperity.

Thank you.