

## Ajay Banga

President, World Bank Group

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# Speech by Ajay Banga

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**Julia Chatterley (Moderator):** The reality is that the people most affected by this issue — those with the most to gain or to lose — are the young people standing on the cusp of adulthood, about to join the workforce, and simply imagining what their lives may be.

It's with that in mind that we've invited young people from all around the world to pose questions to the three leaders who are just about to join me on stage.

So please join me in welcoming World Bank Group President Ajay Banga, the former Chilean President Michelle Bachelet, and President Tharman Shanmugaratnam of Singapore.

Welcome, everybody. I hope you're prepared for some really difficult questions, because that's what we're asking for. So if you are watching online and you want to ask a particularly tough question, get them in now — because there is still time.

First question — I'm looking for a difficult question from the studio audience, please. Does somebody have a question for us? Gentleman there, I can see you. Please make it tough. No pressure.

**Audience Member (Marco):** My name is Marco. I'm French and Nigerian. And I have a question for Ajay. You've been at the Bank for two years now. As you reflect on your tenure, can you tell us something that you found easier than expected, and something that you found harder than expected? And when you look to the future, what gives you confidence that the Bank is well positioned to tackle this jobs agenda?

**Ajay Banga, President, World Bank Group:** So, what surprised me on the positive side is the depth and width of the kind of people in the Bank. Because

when you want to learn about drinking water, for example — while you can learn a lot from Singapore, which is where we've set up a knowledge bank on water — the reality is, here in the Bank, you can call for people and in an hour you will have a conversation that educates you about a topic of which you may have known very little. But at the end of the hour, you will know enough to be dangerous in a conversation.

That quality of person — who is not just an academic expert, but has also had the chance to live and work in different countries around the world — that's a pretty rare asset, and not something I completely understood before I joined.

The part that's very difficult is to get all this to work together in a way that you can unlock the multiplier effect or the synergy caused by the different parts of the World Bank Group operating as one well-oiled machine.

We have the public side of our Bank; we have the private side of our Bank. In the private side, we have a capital side, we have a guarantee side, and we have a settlement of investment disputes side. Over time, these have grown in ways that have created silos between them. As any of you who work in an organisation know, silos come with human nature.

Our attempt to break that silo down — the Private Sector Lab is a way to break that silo down.

The Jobs Council is a way to break the silo down by using outside-in input. That's hard. It's not easy, but it's progress that we're making.

And so, why do I feel confident about being able to do something about jobs? Because this is the time to bring the different resources we have together to make those job possibilities come

through. We have the ability to provide the public side of what's required — the enabling infrastructure — with our public side of the Bank, IBRD and IDA. We have the ability through our Knowledge Bank to provide help on regulatory policy, from land reform to labour reform, to mobile collateral laws, to bankruptcy laws. And we have the private sector part of our Bank — IFC, MIGA, and ICSID, the settlement of investment disputes.

When you bring those together, very few organisations have the ability to do this the way we have, in one place, in-house. And so that's where my confidence and my ambition come from.

**Julia Chatterley:** Dangerous in a good way, is how you described it.

**Ajay Banga:** Always a good way.

**Julia Chatterley:** We're going to go to our next question now, and I believe it's online — and it's for President Bachelet. Sophia from Moldova, thank you so much for your question. I'll read it out:

"Despite progress, women still face barriers to economic opportunities. What bold actions do you believe are most urgently needed to close the gender gap in the labour market?"

**Michelle Bachelet, Former President of Chile:** Well, thank you, Julia. I always receive questions on women's issues. I can't imagine why.

**Julia Chatterley:** Don't worry — we're not going to be sexist. Someone else is going to answer as well.

**Michelle Bachelet:** And also because it's one of my concerns. It was personal throughout my life.

And I do believe that is completely true. I mean, even though women have more access to work, usually they are the ones that are hit if there's a pandemic or economic crisis — women are the first who lose jobs and the last to recover them.

Also, they have the more precarious jobs, and many are in informal work. And of course their salaries are less than men's, and many face a lot of discrimination by law. So it's urgent, because we know that women are half of the population. So if we don't give women all the opportunities to thrive, then we are losing half of the potential of the world to thrive.

So what do we need to do? We need to act boldly and urgently.

What things can be done? The first is we need to acknowledge and give attention to the unpaid care work that women do all over the world. And it's so important. Which society can live without care? The care of children, elderly people, people living with disabilities, or people with diseases — it's usually women, across the whole world, who take care of them.

And it's so important, but we treat that as if it's invisible. Nobody thinks of that. And it's unpaid.

In my country, the Central Bank — and I'm saying that because it's not the Ministry of Women, it's the Central Bank — did a study and calculated the importance of unpaid care work. If you calculate it as part of the expanded GDP, it was 25.6 per cent. Well, my mining sector was 14.8 per cent. And, of course, if you think of the mining sector contributing to other industries, it came to 20 percent. But the other one was 25.6 per cent.

**Julia Chatterley:** That's a quarter of the economy that is simply not accounted for — so important.

**Michelle Bachelet:** And if you have women taking care of everyone and not having support, women cannot work, cannot earn money, cannot bring income to their families. So governments should pay attention to that, and should work to think about childcare facilities, or care facilities for people living with disabilities.

In my country, we have done it. We have worked with municipalities creating all these centres. Of course, not enough yet because it's pretty costly, but I think it will be very important. Also, because you need not only professionalise them — to know exactly what you have to do, how to care in good conditions for people — but also to take care of their mental health.

Because it's very difficult to be with children, or with disabled children all the time at home. And it's very difficult. So we need to take it seriously. So, one thing is: acknowledge the unpaid care and look for solutions to address that.

Second, it's very important to ensure that women receive the same salary for the same work. That doesn't happen in the world.

When I was a first-time candidate, one of my campaign slogans was: "Should I receive a lower salary than a man president? No. Why should women, doing the same work, receive less salary?"

We need to work on that. Governments and the private sector need to supervise that, see how it works, have good laws that ensure that. Because in many places you have the law but it's not implemented, because nobody's looking after that.

The third thing is visibility. And in that sense, it's really important to have more women on boards — in companies, in both the private and public sectors. When I was President, I started with the state companies, because that was where I could really decide, and then give the example for many others. That was really important. You've seen that when women are involved, those companies have very good performance. We saw it during the economic crisis also. So, I think many of these things can be done and should be done, and I think that everybody will win and be in better conditions.

And of course, we know that when a woman has an income, she dedicates 80 percent of her income to the family — education, health, etc. So if that happens, everybody wins. Society wins. The world wins. And men also win, because women are more happy. So everybody wins.

**Julia Chatterley:** Nice. I'm going to very naughtily go rogue now — spend one more minute on this for gender equality and for balance. Who would like to weigh in for one minute on their views on this — Ajay or President Tharman?

**Ajay Banga:** No, look, I've known him a long time and he's a champion for this. So I just — one minute, if you'd like to weigh in on this subject.

**Tharman Shanmugaratnam, President of the Republic of Singapore:** Let's put it this way. I think Michelle has given us an extremely articulate case — for women, for humanity, and for economies. The fact is the under-utilisation of women's talents and capabilities, and even the

under-training of many women starting from a very young age, is the largest potential loss of economic growth that the world has today. Much of it in the developing world, but I would say there are also problems in the advanced countries. But that is the largest potential loss of incomes and growth that we have today.

So Michelle's final point — men also benefit, and not only because women are happy. Everyone ends up better off.

**Julia Chatterley:** President Bachelet also asked how you're doing at the World Bank. Will I be told off for asking that question? You've not got the data at hand?

**Ajay Banga:** I've been studying the idea of and looking at our own compensation — basically, of women to men — equal pay for equal work. I think that's a really important thing. I saw this in my prior private sector life as well. It is not easy to do it. The challenges are plenty. But doing it is the most important thing you can do to change the culture of an organisation.

To go from saying that you do something to advantage people, to saying you don't need to do anything, it's just the way it should be. Getting this right — the fact that it's just the way it should be — is kind of an important aspect of what Michelle is saying.

**Julia Chatterley:** OK, let's move on and get another question. This time, President Tharman, it's for you — and it's online again. Henry from Kenya, thank you so much for submitting your question. "We live in a world where the intelligence age is booming. Automation is rising, alliances are shifting, and the economic order is changing — and then some. How should

countries think  
about job creation amid such uncertainty?"

**President Tharman:** We live in a world where the talk is about who's taking my slice of the pie, or how can I get back the slice that I believe is mine.

**Julia Chatterly:** Or the whole cake.

**Tharman Shanmugaratnam:** And if that's the only game in town, there's a way in which the pie gets a little smaller over time.

So let's take a step back. Our larger problem is that, starting from the Global Financial Crisis, through the 2010s, and even more so in the 2020s, the pie has been growing more slowly. And it's natural that when the pie grows more slowly, the arguments get a little sharper about who's taking who's slice, or the larger slice.

Our real challenge, and our ambition, has to be to grow the pie. Our ambition has to be to grow the global middle class especially, and we can. In fact, we have the prospect of growing the global middle class by a billion people in the next five years. The answer to that lies largely in the developing world. And it's not just a rhetorical goal — it's a very real possibility.

We've got 600 million young people entering the workforce in the next five years, 800 million till 2035. 600 million people better trained than their predecessors were. We also have many people already in the workforce, eking out a living or in the lower-middle-income group, who are striving to become middle-income.



**There's a real possibility now of adding a billion people to the global middle class. Imagine what that does to the global consumption pie. It grows the pie for everyone. And we can achieve it, which is what we've been deliberating on in this council, and what the World Bank is now obsessed with: how do we grow the pie? How do we grow jobs and allow people to get on a ladder of skills and incomes that grows the pie and eventually benefits every country, rich and poor alike?**

**I would first say — and this may sound a little counterintuitive in this day and age — there are a lot of legs left in the game of exporting, a lot of scope still for manufacturing and exporting to the world.** I'll give you an illustration. The big story of the last 15 years has been in the evolution of the Chinese economy. It's moving up the value curve, losing competitiveness in low-skill, low-wage work while becoming more sophisticated, even developing technologies at the frontier.

This is pre-tariff wars - it's been happening over 15 years. In just five years, China shifted 25 percent of clothing manufacturing out of the country into Southeast Asia, some of it into Nigeria and Ethiopia. It also shifted 15 percent of shoe manufacturing out of China. So just imagine: what if China were to shift another 10 percent of manufacturing to sub-Saharan Africa? That will mean a doubling of the manufacturing workforce in sub-Saharan Africa, and a more than doubling of manufacturing GDP in sub-Saharan Africa. Likewise a substantial boost if 10 percent of Chinese manufacturing shifted to for South Asia.

And that's before looking at today's tariffs and conflicts between nations. It's part of the natural evolution of a huge developing economy that's succeeding, and starts shedding some parts of what it's doing to the benefit of other countries.

They used to call it the flying geese pattern when Japan was in the lead. The Chinese have another term for it — the Leading Dragon Phenomenon. But that's a big story. Manufacturing offers high productivity growth, more of a skills ladder, and it's still at the core of economic development.

Second, scope to create jobs in agro-industry. I had a very light lunch just now: a packet of cashew nuts.

**Ajay Banga:** They were from Côte d'Ivoire.

**Tharman Shanmugaratnam:** Exactly, that's my point. Chances are they were from Côte d'Ivoire.

But Côte d'Ivoire exports the raw cashews. It exports them halfway across the world to be processed, and they are often then exported again to one of the developed countries, where they are repackaged and rebranded, made to look very good, with margins added all along the way.

Very little of the final value of that packet of cashews that I ate over lunch accrues to the producer in Côte d'Ivoire. The World Bank is now working with Côte d'Ivoire to build up that processing capability and allow them to earn their fair share of the value.

Little has changed since independence in Africa, when it was all about resource extraction. Very little has changed, very little downstream processing. So the number of jobs that can be created,

the amount of profits, and the amount of reinvestment of profits in those economies that can come from agro-business is very substantial.

A third opportunity — regionalisation. Regionalisation has again escaped Africa. It's a Southeast Asian 'specialisation' with ASEAN, as well as CPTPP and RCEP. South Asia has been a little slow. They've had some problems between themselves, but again, have significant potential. We have the African Continental Free Trade Area but it has barely taken off. The cost of transporting goods within Africa is much higher than it is within East Asia, and that's a huge potential.

Think of it as an opportunity for growth, because with the scale that comes from a regional market, you can afford to invest in specialisation, and get onto a learning curve - similar to what East Asia went through.

So we should exploit the potential of regionalisation, and exploit the potential of links between regional blocs — for example, between ASEAN and the EU, Africa and the EU, between CPTPP and the EU. These links between the blocs are about growing the pie, because it's about lowering trade barriers so that we can trade more freely with each other and help grow jobs and grow the global middle class.

**Julia Chatterley:** What you're saying is sort of the antithesis of where the world feels like it's headed at this moment. But do you think more inter-regional trade is likely, given what the world economy is facing at this moment, with the risks of fundamentally higher tariffs, at

least in the  
United States?

**Ajay Banga:** Well, I said this at the press conference at the opening of these Spring Meetings: I believe that lower tariffs are good for everybody. In fact, the developed world tends to have lower tariffs than the developing world, so we need to figure that out.

But then inter-regional trade and bilateral and regional trade — that's where it's going. Look at the last 10 years; the number of bilateral and regional trade deals being signed around the world are way in excess than what people are paying attention to. All the acronyms that President Tharman was using — CPTPP, RCEP — these are all deals involving groups of nations in the last decade. And it has changed the way trade is working in those countries, so yes, it's coming.

**Julia Chatterley:** It brings us full circle back to the question, because the point ultimately is the uncertainties are caused by a shrinking pie — or a pie that's not growing too quickly. If you can increase that inter-regional trade, you'll create the jobs we're talking about.

**Michelle Bachelet:** First of all, I think inter-regional trade is essential. For example, my country has, I think, the biggest number of MOUs and FTAs with a lot of people. But within the region, there's very little inter-regional trade. This is essential. And also, in the current context, everybody is looking at diversifying — whether they're buyers or sellers, because they feel they need to not to be dependent on one country.

**Julia Chatterley:** Absolutely. President Bachelet, the next question is for you: Victoria from

Mexico has a message.

Victoria (video question): Hello! My name is Victoria. I'm 21 years old and I'm from Monterrey, Mexico. My question to you is about the Latin American region and how we can address the challenge of stimulating economic growth and ensuring job stability. Informality is still holding back real growth in Latin America. What do you think governments can do to create more stable jobs, especially in industries with low productivity?

**Julia Chatterley:** OK, so just to clarify — shrinking the informal sector across Latin America, and raising productivity away from low-productivity jobs. How?

**Michelle Bachelet:** Well, the first thing — and it's true in Latin America — in many countries, 70 percent of jobs are in the informal sector, and of those, three-quarters are women and young people. So it's really important. It's not only holding back growth, but also increasing inequality. And we should always think of growth as benefiting everyone.

So what can governments do? First of all, invest in people, and that comes from education from the earliest ages. I'm a fan of early childhood education and development, because I think that will provide them all the possibilities, all their own potential for the future.

We need to develop a lot of plans not just in higher education, but also training in skills and abilities. But that education has to be matched with today's and tomorrow's labour market opportunities. Because I've seen countries that have many tertiary-educated students, but they have no jobs afterwards because they didn't match.

The second thing is, how do we support SMEs? Because SMEs, in Latin America in particular, they're the ones that create more jobs. But there are so many obstacles to opening new SMEs.

So we need governments to help — to facilitate the life of SMEs, to support them with looking at the laws, the regulation of laws, and for workers, and also for their own activities — to be easier for them to do what they do. And particularly, it has to be in all those areas where they have low productivity, because we need to support them, like agribusiness and others, that can really make more, achieve more.

And third, we need to strengthen social protection systems, because those social protection systems will permit, on one hand, that informal workers will improve more interest in formalising, in being part of the formal. Because during the pandemic, we developed — in all of Latin America — a lot of subsidies and support for people who had lost their jobs. But the people who were in the informal sector, they couldn't get any of those.

So we need to ensure that they have access to some of these benefits. And we have to find also, maybe, some particular scheme for self-employment and others, that pay closer to the formal and informal sector.

Finally, fighting informality is also an economic issue, because we will have more economic development when we have people who are productive, working in more formal places with SMEs, etc. But also it's a matter of dignity, of respect, and equality and stability.

**Julia Chatterley:** Ajay, this is a question for you. Chris from the United States submitted it. “The Bank has identified sectors that it believes have high potential for job creation. Can you help us understand why you’re prioritising these sectors?”

**Ajay Banga:** This is all part of our Jobs Council work. These two [gestures to Tharman and Michelle] are the leaders of our Jobs Council. They do have day jobs, and they’re still willing to help us, for which I’ll be eternally grateful.

The five sectors you’ve identified have one very key thing in common. They do not rely on the old model of only outsourcing OECD jobs to a developing country for growth. I think we have to move carefully past that model to go beyond it, to think what locally relevant jobs can we help to create.

So the first sector being infrastructure, all kinds — physical and digital. This is all about making sure that schools, bridges, airports, digital, electricity, health skilling is available, because without that, nothing can grow. But with it, it's the ultimate enabler. That’s the first one.

The second one is agriculture as a business. President Tharman talked about it, Michelle mentioned it, and I think we heard it earlier as well. There, the topic is smallholder farmers. If you connect them to cooperatives, if you give them a chance to get access to better fertilisers, better seeds, better cropping techniques, better weather prediction, better markets for their produce, crop insurance — things of that type — you change their productivity. You no longer end up with young people in their family selling the plot of land and essentially ending up being

urban poor,  
which happens in the emerging markets all the time. So that's the second part.

The third is primary healthcare. Not just because you create a better labour force, but because  
you create jobs for nurses, medical diagnostic technicians, for midwives, for PPE manufacturing,  
for pharma manufacturing. And so you'll create better health, but you also create jobs.

The fourth is tourism, which is the idea of the multiplier effect that tourism has. Among the best  
multipliers per dollar invested are the jobs created in tourism.

And then the final one is manufacturing. And here, President Tharman talked about the idea of  
how manufacturing can fit in, both for local but also regional consumption. And by this, I don't  
mean extraction. I mean local value-added jobs.

So if you look at the emerging markets, there are lots of minerals and metals we all need for  
energy transition. Don't just extract them and bring them elsewhere. Work on them there. Give  
people there a chance to do things with their hands and their brains — and get better value and  
earning.

And then you will find the magic of all this comes together. That's the purpose of these five.

They're chosen with that idea. They need other things to work — early childhood development,  
skilling, the involvement of women in the workforce. There's a series of things that need to  
happen. But that's the logic of these five sectors.

**Julia Chatterley:** You can see where the jobs are created where people are born.



**Ajay Banga:** Absolutely.

**Julia Chatterley:** President Tharman, next question for you. We have a very excitable young person from Mongolia.

**Naranzaya Batsaikhan (video question):** Hello, President Tharman. My name is Naranzaya and I am from Ulaanbaatar, Mongolia. I'm 22 years old. My question for you is about artificial intelligence (AI). There are two possible futures ahead of us: one where advances in AI upend labour markets and lead us to a world without work, and another one where AI acts as a complement to labour, helping people become more productive. So in your view, how will AI and advances in technology impact job creation? Thank you.

**Julia Chatterley:** Do you agree with the two scenarios?

**Tharman Shanmugaratnam:** Just give me 20 seconds to check ChatGPT for the answer. But if I'm not allowed to do that, I'll just say this: The answer is we don't know in advance whether the displacing effect of AI is going to be larger than the way it augments human skills and abilities.

But how it works out will depend on what we do now — what we do in that whole stack of education and training, starting from the earliest years through a person's career, what we do to use AI.

I'd say, particularly for the developing world, let's not get too caught up in the question of who's going to have the leading large language model, who's going to win at the artificial

intelligence frontier, or which of those six or seven firms is going to end up a winner. That's an interesting game; a lot of money going into it, some over-inflated stock prices that have recently corrected. But that's not the only game in town. The main game in the developing world especially is: how do we use AI?

Everything that was discussed in the last panel, and in what Ajay just spoke about, has to do with using 'small AI' to improve productivity in every sector. It has great tremendous potential in the developing world. In maintaining soil health, and in precision agriculture - meaning using precision irrigation, using just the right amount of water at the right time, and using the right type of fertiliser at the right time.

It offers a large boost to productivity. And getting people out of the trap of low-productivity agriculture is the way we get them into jobs in the other sectors that have higher productivity, value, higher skills, higher wages over time. But first get people out of that trap of low-value agriculture. The technologies now allow us to do this better than previously.

[Back To Listing](#)

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