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Remarks by World Bank Group President Ajay Banga at the China Development Forum

Blogs

Your excellencies, friends – new and old. It is a joy to be with you today.

We are each aware of the profound forces and rapid changes facing our global community – persistent poverty, protracted conflicts, and an intractable climate crisis.

A perfect storm of intertwined challenges and complexity that, taken together, exacerbate inequality.

In the developing world, economic growth is retreating—falling nearly 3 percent in two decades. And with each lost percent, 100 million people are pulled into poverty.

Meanwhile, debt has increased throughout emerging markets—doubling in Africa—constraining their ambition.

But one data point stands out above the rest that should concern us all:

In the next 10 years, 1.1 billion young people across the Global South will become working age adults. Yet, in the same period and same countries, we are only expected to create 325 million jobs.

The cost of inaction is unimaginable.

But forecasts are not destiny. We have faced challenges before – and overcome them. Together.

China's remarkable journey stands as a testament to what's possible.

In 1978, 770 million people in China lived on the razors edge of extreme poverty. Nearly every single person – 98 percent – in the rural countryside were below the poverty line.

But, the same year, China launched a determined strategy to embrace difficult reforms that fundamentally changed its development trajectory.

Within two years, World Bank President Robert McNamara was in Beijing, working with the government on a unique collaboration—one built not just on finance, but knowledge.

On China's climb up the mountain of development, others joined – I know many here were partners in the ascent.

In the decades that followed, China's workforce grew by two-thirds, creating 315 million jobs – more than 8 million per year for 38 years straight.

This explosive job growth coincided with the country's fastest period of poverty reduction in history.

China's success was so significant it was responsible for cutting the global poverty rate from 44 percent to nine.

Proving yet again, creating jobs is the surest way to combat poverty and grow prosperity.

But development is not a linear journey.

It's marked by setbacks, missteps, and periods of incremental progress. This is true of all economies.

Looking at the China of today, we know what is possible. But we also know there is always another hill to climb and challenges to overcome – many are shared.

We all desire a world where climate change is defeated, health care is available for young and old, and opportunities exist in rural communities as much as they do in urban cores. I know China's leaders care deeply about these issues and can help drive the change.

For example, a decade ago, smog-filled skies darkened cities in China. The air quality was a constant source of concern, especially for those with children. It is a worry that is shared by parents in Indonesia and India, Mexico and Mongolia.

Today, there is a new reality in China.

Blue skies are more common, people are breathing better and living longer, and everyone from small children to elderly are able to enjoy being outdoors.

This result—like China’s economic rise—was the product of hard work.

The government transitioned away from inefficient industries, and imposed higher standards for manufacturing and power generation. It phased out old vehicles, improved fuel standards, and banned the burning of crop residues.

Progress is tracked by thousands of monitoring stations. At the center, are highly sophisticated hubs.

Yesterday, I had the opportunity to visit one such facility in the Hebei province that the World Bank and China developed together. It is capable of processing data, screening for false positives, and alerting operators when enforcement is required, or the public when health risks exist.

Ultimately, this system is helping reduce emissions. In less than 10 years, the number of good-air days has gone up, and days of heavily polluted air has been slashed by 70 percent.

It is knowledge in action – demonstrating for us all that economic development and environmental protection are not mutually exclusive.

The development journey is well traveled – every nation illuminating the trail for the next.

China has helped blaze the path. It has transitioned from taking World Bank grants – those reserved for the most in need – to giving as one of our largest donors.

It pulled from our knowledge bank and now feeds it – lessons that have been applied in Ethiopia, Indonesia, Malaysia, Turkey, Vietnam, and many more.

Deploying shared knowledge has been critical to the World Bank for 80 years. It is experience that enables us to solve the thorniest problems and change lives.

In the last five years alone, we helped 100 million people find jobs, expanded healthcare access to over 1 billion people, enabled nearly 500 million kids get an education, and reduced carbon emissions by over 230 million tons annually.

But legacy and history are no longer sufficient, we also must evolve and climb our own hill.

In the last year, we have embraced a new vision – to create a world free from poverty but on a livable planet.

In doing so, we widened the aperture of the World Bank to comprehensively – and aggressively – address the intertwined challenges of conflict, fragility, and climate change that are impacting us all.

We are working to become a better bank:

Sweating our balance sheet – allowing us to take more risks, support more investments, and utilize our capital more efficiently.

Becoming faster and simpler. Cutting bureaucracy while streamlining standards – without lowering them. Addressing frustrations from the past, becoming a better partner for the private sector and the people we're meant to serve.

And we are driving new ideas, but replicating our successes.

However, we know a solo effort will not be enough.

We know that governments, multilateral institutions, and philanthropies all working together will still fall short of providing the trillions required annually for climate, fragility, and inequality.

Our global community needs the scale, resources, and ingenuity of the private sector.

Last year, the World Bank Group mobilized \$41 billion of private capital for emerging markets, and raised another \$42 billion from the private sector through bond issuance. And are on a trajectory to eclipse both this year.

But the reality is, we need to make more progress to bring in private sector investment.

We launched the Private Sector Investment Lab and recruited 15 CEO's – some in this room – across asset management companies, banks, as well as operators – to identify barriers and potential solutions to investment in emerging markets.

Four areas of focus emerged from that group: Regulatory certainty, political risk insurance, foreign exchange risk, and an originate to distribute model.

We are taking action on each.

This summer, we will launch a new guarantee platform that will deliver simplicity, improved access, and faster payment execution. This will put us on a path to triple our annual guarantee issuances to \$20 billion by 2030 – and over time multiply our mobilization of private capital many times.

We are also working to find new approaches to address foreign exchange risk, and are at the beginning of a years-long effort to build a securitization platform for emerging markets, making it easier for institutional investors – pension funds, insurance companies, sovereign wealth funds – to bring their \$70 trillion to developing countries.

If we can successfully bundle large, standardized investments in one package, we will overcome the patchwork of small, bespoke loans – each with their own documents, risks, and pricing – that have held back meaningful investment at scale.

New financial instruments are just one piece of the puzzle.

We believe our proprietary data should be a global public good and sharing it will inspire investor confidence.

We are doing this in three new ways starting next week:

First, private sector recovery data by country income level will be published by a consortium of development institutions.

Second, in addition to contributing to the consortium's data set, the World Bank will publish private sector default data broken down by credit rating.

Finally, we will share sovereign default and recovery rate statistics dating back to 1985.

All this work contributes to one goal: getting more private sector capital into developing economies to drive impact—and create jobs.

All my life, I have believed deeply that the private sector can be a force for good.

That governments can be forces for change.

But that both take work.

Every generation believes that the set of challenges laid before them are the most difficult, consequential, and intractable.

But never has humanity stared down a set of problems so complex and severe – that our very existence is in question.

However, as the leader of an institution founded on the principals of peace and cooperation, I am compelled to believe in our capacity to work together in common purpose. But too often we look to the ground and fail to lift our gaze.

If we are able to marshal courage and look up, I am confident we can build a world on level playing field – and allow people everywhere a chance to run to win.

Thank you.

Source: 03_Remarks by World Bank Group President Ajay Banga a.html