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Address by **AJAY BANGA**,
President of the World Bank,
to the Board of Governors of the World Bank,
at the Joint Annual Discussions

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As Prepared for Delivery

Good morning.

Chair Marchenko, thank you for chairing this plenary.

Mr. Kabbaj, Prime Minister Akhannouch, thank you for hosting these Annual Meetings. The road to Marrakech was not an easy one, delayed by the pandemic and persevering after an earthquake. Yet the warmth and hospitality we've received from your government and all Moroccans has been humbling.

Kristalina – it is a privilege to host these Annual Meetings together.

I would like to thank my predecessor, David.

Those of us in this room are fortunate. We are custodians of an institution with a tremendous responsibility at a time of uncertainty and great consequence.

The world is fraught with profound forces and rapid changes.

We face declining progress in our fight against poverty, an existential climate crisis, food insecurity, fragility, a fledgling pandemic recovery, and are feeling the effects of conflicts beyond the front.

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

Economic growth in much of the developing world is retreating. Falling from 6 percent to 5 percent in two decades, and on track for just 4 percent over the next 7 years.

With each lost percent, 100 million people are pulled into poverty and another 50 million people are pushed into extreme poverty.

Dig deeper and you'll find people struggling to provide for themselves and their families as incomes have stagnated. In Sub-Saharan Africa per capita income is the same as it was 14 years ago.

Meanwhile, debt has increased throughout emerging markets – doubling in Africa – shackling countries to the ground just as they're trying to rise.

We are living in a world with alarming challenges but at a time of intensifying polarization and extremes.

Beneath the surface, a growing mistrust is pulling the Global North and South apart, complicating the prospect of progress.

The Global South's frustration is understandable. In many ways they are paying the price for the prosperity of others.

When they should be ascendant, they're concerned promised resources will never manifest, they feel energy rules aren't applied universally, and they're worried a burgeoning generation will be locked into a prison of poverty.

But the truth is: We cannot endure another period of emission heavy growth.

We must find a way to finance a different world where our climate is protected, pandemics are manageable – if not preventable – food is abundant, and fragility and poverty are defeated.

Our task is great.

Looking across the world it is easy to be consumed by a sense of despair.

Yet – in all corners of the globe, people are eager to go to work, and to create with their own hands. They want a better life for their children and grandchildren.

I have felt that yearning among entrepreneurs in Nigeria, seen it in the proud eyes of artists in Indonesia, and touched it on the worn hands of farmers in Jamaica.

The Bank has an obligation – a duty – to match their energy with a fierce determination. We must be the hand on the back – moving people forward. We must be an institution that exports optimism and impact.

But we must change to make good on that promise and deliver on what is being demanded.

The World Bank is turning to face the wind.

That evolution began months ago, and today there is a new vision and mission for the World Bank.

To create a world free of poverty – on a livable planet.

But time is of the essence.

This urgency motivated us to write a new playbook – a new mission. One that will drive impactful development and lead to a better quality of life – access to clean air, clean water, education and decent health care.

It is a mission that is inclusive of everyone, including women and young people;

Resilient to shocks, including against climate and biodiversity crises, pandemics and fragility;

And sustainable, through growth and job creation, human development, fiscal and debt management, food security and access to clean air, water, and affordable energy.

With this vision, we are widening the aperture of the World Bank, reflecting a reality that the luxury of choice was for the last generation.

To confront the intertwined challenges, our only option is to respond aggressively, simultaneously, and comprehensively.

We cannot make adequate progress on public health while rising temperatures change the patterns of infectious diseases and breed pandemics.

We can't help farmers expand crop yields and feed growing populations using techniques that were not designed for years long droughts.

And we will never reliably connect entrepreneurs with markets if the roads they rely on for shipping get washed away every year in a flood.

This is why we need a new playbook.

At the center must be women and young people.

Without a focus on both we are fighting with a hand behind our back.

Globally, women have not seen their participation in the labor force improve since 1990. And when they do get a seat at the table they aren't paid equally.

We cannot defeat poverty with half the world's population on the sideline.

And young people, they can be the engine of our future; but only if we provide quality of life when they're growing up – and then a job.

With a job comes dignity, pride, the ability to provide for yourself and your family.

Without a job – or the hope of one – human despair turns to anger, in those moments people grasp for any hand that offers a way out. Those costs can deliver irreparable harm on a society – or – on entire generations.

The urgency and importance cannot be overstated. Our own estimates project that 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 – this demographic dividend must not be allowed to become a demographic challenge.

This vision and mission will test the sincerity of our ambition – it sets us on a journey that will require reimagined partnerships, a new way of working and thinking, an innovative plan to scale and replicate, additional resources, and optimism for what could be possible.

That is the new direction of the World Bank and what I am excited to share with you today.

We took our first steps on this journey in April, squeezing \$40 billion over 10 years from our balance sheet by adjusting our loan to equity ratio.

And over the last few months, we dug even deeper, creating a portfolio guarantee mechanism and launching a hybrid capital instrument.

These new tools enable us to take more risks and boost our lending capacity further – all while preserving our AAA rating. Taken together we could provide \$157 billion more in lending capacity over a decade.

Our work has been met with enthusiasm – and generosity.

Germany moved first to support hybrid capital, their contribution will give us €2.4 billion in additional IBRD lending over the next 10 years.

While the United States' early support for portfolio guarantees could unlock roughly \$25 billion in new IBRD lending – and we expect others to join in soon.

What makes these tools unique – and a good investment – is their ability to leverage every dollar six to eight times over 10 years.

But we are not stopping there.

With other multilateral development banks, we are exploring ways to better utilize callable capital and SDRs. Both are complicated but achievable. Unlocking their potential will take time and requires action from shareholders and central banks.

We see other opportunities.

Our Global Public Goods Fund was designed to incentivize cooperation across borders and tackle shared challenges. But, in the past, the funding came only from IBRD's income, holding back its potential.

Now, we're opening the door to governments and philanthropies, which could grow concessional resources. With this bigger ambition and ability to deliver on our new mission we believe this will be a true Livable Planet Fund.

We know this model can work. In a big step forward, Uruguay became the first country to take advantage of reduced interest rates as a direct result of meeting climate performance targets.

An innovative approach that we aim to scale.

And we are continuing to test other ideas across our ecosystem of incentives.

We're exploring maturities of 35 to 40 years to help countries navigate longer term horizons for social and human capital investments.

We're investigating if we can reduce interest rates to incentivize exiting from coal as part of energy transitions.

And in countries that utilize both IDA and IBRD, we're looking to find ways to encourage a renewable energy transition by increasing concessional finance in the mix.

This spirit of innovation and exploration is comprehensive.

The World Bank stepped forward to support the most vulnerable when compounding challenges – the War in Ukraine, effects of the pandemic, and inflation – hit. But the need was so great that we allocated the majority of our three-year Crisis Response Window in the first year.

So now, we need to replenish it.

Our objective is to raise \$4 billion for the Crisis Response Window Plus.

The United States is requesting \$1 billion from Congress. And other countries – like the Nordics – are pledging donations.

Still, we are a long way from our goal and time is short.

We are looking for others to step forward. We need our donors' help to reload this fund and carry us through our next IDA cycle.

If we really want to incentivize change – we can't just wish it – we need to fight for it.

Nowhere is this truer than IDA. We are pushing the limits of this important concessional resource and no amount of creative financial engineering will compensate for the fact that we need more funding.

This must drive each of us to make the next replenishment of IDA the largest of all time.

We need donors, shareholders, and philanthropies to step up, join us, and bring their ambition to this fight, otherwise these instruments are just theoretical.

Meanwhile, we aren't waiting.

We are recruiting new partners and reimagining partnerships.

We are joining with others, working alongside multilateral development banks to coordinate global action, catalyze change, and multiply impact.

During my first trip, Ilan Goldfajn from the InterAmerican Development Bank and I visited Peru and Jamaica to make purposeful what too often has been accidental – collaboration.

Our partnership focuses on three objectives: attack deforestation the Amazon, strengthen the Caribbean's resilience to natural disasters, and bridge the digital-access gap across Latin America and the Caribbean.

We will not deliver results overnight but together our impact will be greater than it would be on our own. That is why the World Bank is reaching out to other institutions in hopes of establishing similar partnerships.

That spirit of common cause is shared among multilateral development banks.

We are oriented toward impact and the competition of the past has begun to give way. We recognize there is much we can do together, but in these early days we are focusing our energy on four areas that will lift us all.

One, we are working with credit rating agencies to help improve their understanding of our work and risks. They are integral to unlocking capital and pricing. Without progress, ideas like callable capital will be out of reach.

Two, we are expanding collaboration on joint financing. Establishing a Co-Financing Platform to facilitate coordination across global and regional priorities.

Three, we are standardizing our processes, reducing transaction costs, and freeing up technical capacity. Already we are making progress on procurement and streamlining environmental and social frameworks.

And finally, we are developing a new approach to track climate outcomes based on impact. We plan to share more about our progress at COP28 in Dubai.

This unified approach could greatly benefit the governments we serve, making it easier for them to access resources from a diverse set of multilateral development banks, focusing lending through a single country platform.

But the World Bank – and my friends in the other multilateral development banks – don't have a monopoly on good ideas.

We should steal shamelessly – and share seamlessly.

And we must do it with – and among – think tanks, the private sector, civil society, and – anyone who is moving the needle.

There is much we can do together but this commitment to impact begins with ourselves.

The World Bank has launched an ambitious program to quicken our pace, increase our efficiency, and simplify our processes.

Knowing that when development is delayed – development is denied.

By the numbers, one year without education reduces a person's future income by 10 percent annually.

Depriving a child of proper nutrition in their first 1,000 days, decreases their income by around 17 percent every year – for the rest of their life.

Yet, at the World Bank, we are spending the same amount of time on a difficult project, like a 2,000-mile transmission line that traverses conflict zones and critical environments, as we do constructing a small solar grid or new school.

Our teams spend months preparing reports that evaluate risk from every angle – 4,880 days of staff time each year just on duplicative internal reviews and clearances.

And when a project works that should be expanded, our processes require teams to start fresh – telling communities to wait patiently while children grow, poverty deepens, untreated illnesses worsen, and the worn path to clean water is packed harder step, by step, by step.

Currently, a World Bank project takes 27 months – on average – before a single dollar gets out the door. This is followed by a lengthy implementation process and project construction.

Too often it's longer than 10 years before the first benefits are felt.

That is a lifetime.

We must do better. And there is precious time we can save.

We have the entire process in our crosshairs, initially working to dramatically reduce the project review and approval time by one-third.

But with ambition to do more.

Our plan calls for simplifying approvals, proportionately adjusting reviews, and combining intelligent technology with shorter timelines to drive speed.

And we will do it without making a single change to our environmental and social standards that protect the communities we work for and give peace of mind to our partners and shareholders.

We do not believe quality conflicts with speed; we believe we can deliver both quality and speed.

This is important progress but there's more we can do and are developing a plan to better support governments with implementation. If we can build technical assistance into our projects from the start and help countries develop capacity – we can give time back.

Not only are we streamlining our approach and encouraging our teams to work faster – we are exploring ways to incentivize speed and collaboration throughout the World Bank.

That need for collaboration, demand for impact, and belief that there is elegance in simplicity has inspired us to think about a potentially transformational program.

Our hope is to refocus the World Bank to confront challenges not just as a funding mechanism, but as a knowledge mechanism.

That's what governments are calling for – our knowledge.

The World Bank has long been celebrated for approaching the thorniest problems to find solutions and change lives.

In my brief time at the Bank, I have seen that impact with my own eyes.

In India, technology is used to track student attendance and performance in real time. Education experts spot problems, take quick action, and get kids back on track.

As a result, student and teacher attendance, and enrollment have all increased.

In Peru, free legal centers are changing – and saving – lives. Every day there are lines out the door.

Women pursuing unpaid pensions and child support, others seeking justice for domestic and sexual violence.

Stories that aren't unique to women in Peru.

It's not just India and Peru that are trying to improve education outcomes or create more equitable societies. So, why haven't we exported this success?

The World Bank has enjoyed many successes. Knowledge gained with each.

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

And despite this progress – too many still haven't felt the impact of what we have done.

Too many are still unable to enjoy the dignity of work.

Too many still live without access to electricity, quality education, decent health care.

And too many of our most impactful projects go no further than a report on a shelf.

To reverse the trend and extend the hand of good fortune further, we must scale and replicate the impactful solutions we have worked so hard to find.

And we will do this in way that makes the World Bank more approachable, accessible, and understandable.

First, bringing our knowledge to the forefront of our country driven model – and Country Partnership Frameworks. Sitting as partners with governments, working to craft a focused development plan that is a marriage of their ambition and our expertise.

Second, helping to create and cultivate bankable projects and implement them. Our knowledge teams, working with our country teams to bring all the World Bank offers to bear – being a force multiplier for governments when additional capacity is needed.

And finally, driving thought leadership that moves the Bank, the world, and big ideas forward through our research, reports, and broader engagement.

Our knowledge work – the country partnership frameworks, cultivating bankable projects, and our thought leadership – will be organized into five simple verticals:

People – health, education, social protection

Prosperity – jobs, tax policy, economic policy, financial inclusion, small business

Planet – air, water, soil health, biodiversity, forests, adaptation and mitigation

Infrastructure – roads, bridges, energy

Digital – because that's transforming our world and will make everything else possible.

And across those five verticals – holding our feet to the fire – we will measure our impact on gender equality, jobs for young people, and climate impacts.

Embedded within the vault of the knowledge bank are our eight global challenges – Adaptation and Mitigation; Fragility and Conflict; Pandemic Prevention and Preparedness; Energy Access; Food and Nutrition Security; Water Security and Access; Enabling Digitalization; and Protecting Biodiversity and Nature.

All organized in a way that ensures impact at scale.

But even with a better Bank. Even with governments, multilateral institutions, and philanthropies all working together we will still fall short.

We need the scale, resources, and ingenuity of the private sector.

Thus far, IFC has worked with the private sector using just \$5.6 billion of shareholder capital to mobilize \$162 billion of private sector investments.

But truly meaningful, sustainable progress has evaded us.

To help solve this riddle, we launched the Private Sector Investment Lab and recruited fifteen of the world's leading CEOs – across asset management companies, banks, as well as operators.

We are exploring opportunities for the World Bank to help mitigate risk, drive policy actions to entice new entrants, and ensure projects become bankable.

We are trying to make systemic change.

The Lab is initially focused on increasing private investment in renewable energy and the energy transition in developing countries – searching for actionable ideas that will bend the curve on emissions heavy growth.

There are already signs of hope.

In the first meeting, we identified a set of markets, each with potential for private capital investments, but each with challenges that we must address.

We identified early ideas for how the Bank can better mobilize private finance.

Among those was to unify guarantee issuance across the institution, simplifying access to them and supporting an ambitious growth plan for MIGA over the next few years.

Seeing the strong demand for this effective tool, we are already acting and exploring ways to deliver.

We are asking a lot of the private sector.

We are asking them to operate in places and in situations that their algorithms and expertise may not extend, on roads the World Bank has traveled for years.

And if we are asking others to follow – we should be willing to share our map.

That means giving private sector investors and rating agencies usable data from our Global Emerging Markets Risk Database, originally developed to inform our own investing.

We believe transparency will inspire confidence and will lead to more informed decision making, risk taking, and ultimately investing in emerging markets.

Our plan is to release this data in a matter of months.

We are working now, in concert with other multilateral development banks, to reconstruct and clean the database to ensure its quality. This is a first step; we are continuing to explore what more we can do with our data to mobilize private capital.

But our devotion is not just reflected in our words, it should be measured in action.

We are becoming more efficient – incentivizing output, not input, and ensuring we focus less on money out the door and more on how many girls are in school, how many jobs are created, how many tons of carbon dioxide emissions are avoided, and how many private sector dollars are mobilized.

That is why we are reconstructing our corporate scorecard from the ground up. Pointing it toward outcomes and evidence – bringing it down from 153 items to around 20.

This scorecard will be our yardstick of accountability and a guidepost that our teams can rally around and work toward.

But by any measure, the World Bank is better today than it was yesterday.

We have a new vision and mission, we are asking all we can from our balance sheet, we are unleashing the potential of our Livable Planet Fund, and giving IDA the attention it deserves.

We are becoming faster and more efficient; we have new ways to respond to crises, we are focusing our knowledge bank on scale, and driving thought leadership.

We are collaborating with partners to maximize impact, and we are working side-by-side with the private sector.

And though we are making a difference, though we are evolving, though we are operating with urgency – our work has just begun.

The ambition of the Evolution Roadmap should not be the end of our ambition for the World Bank.

Though we don't have all the answers now, and those we are working toward will take time, we do have desire, energy, and focus.

There are new frontiers to explore – like moving from small, bespoke loans to large, standardized investments that can be packaged.

If done right, we could draw in institutional investors – pension funds, insurance companies, sovereign wealth funds – and put their \$70 trillion to work in developing countries.

This has been the thing of fantasy for years, but hope isn't a strategy.

We are in early days of building such a platform. But by doing the hard work now, we will be in a position later for success.

Success that could be further multiplied across multilateral development banks to mobilize much greater amounts of private capital than ever before.

But let us not forget, we aren't starting at square one.

Every day, millions of people do their best to be part of the solution. There are real examples of action.

In Nigeria, shopkeepers are using solar power to keep their shops open late into the evening.

In Indonesia, mangrove rehabilitation efforts are reducing carbon emissions, creating sustainable employment for women, and protecting communities from floods.

In Vietnam, rice farmers are embracing new techniques that slash methane emissions, while increasing incomes.

We do not suffer from a shortage of solutions; we are paralyzed by a persistent lack of courage to pursue them.

The good news is that we have solutions like these within reach, and resources at our disposal to scale them.

For example, we can spend better.

Every year \$1.25 trillion are spent on subsidies for fossil fuels, agriculture, and fisheries. Some of these are very important and needed, but in other cases we can do better.

The economic costs of fertilizer runoff, unnecessary air pollution, and overfishing is \$6 trillion – every – single – year.

By repurposing some of this money to incentivize sustainable practices – we can protect, air, water, and forests – while continuing to support those most in need.

We've seen this work.

Europe worked for years to repurpose subsidies that once encouraged excessive fertilizer use. Now, the same amount of money goes to the same farmer to reduce fertilizer use – leading to a climate positive impact.

But not all solutions are years away.

We are in the final stages of a 20-year effort to build sound, transparent voluntary carbon markets.

This effort learns from the past to protect against greenwashing and ensure the integrity of emission reduction credits.

This assurance is a crucial piece of a complex puzzle.

Validation is the backbone of healthy markets, it feeds investor confidence and generates better prices – enabling countries blessed with natural resources to see the value of monetizing these assets and protecting them.

Most importantly, they generate income for families and communities.

If successful, voluntary carbon markets could become more liquid, transparent and a better deal for developing countries.

Our ambition is to grow this platform to finance emissions reductions in developing countries and benefit local communities.

Our aspirations are limitless.

Driving our work to deliver a better bank because eventually we will need a bigger bank. That will be the acid test of ambition.

Nearly all estimates make clear adequate progress requires trillions annually; far more than what the capital adequacy framework will produce by itself. The private sector can help.

But we will need a bigger bank to increase our financing capacity, take on more risk to encourage investment, and support the replicability and scalability that the World Bank is preparing to deliver.

The World Bank is merely an instrument that reflects the ambition of our shareholders, the progress we aspire to achieve requires our resources and capital to be commensurate with our vision and the demands upon us.

But if there is wisdom in our origins, it is that we can do big things together.

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 principles of peace and cooperation, I wanted the first time I spoke with you to be with a message of impact and optimism.

There is nothing that gives me more hope than our capacity to work together in common purpose.

But too often we look to the ground and fail to lift our gaze.

But if one thing is clear today, it should be that the eyes of the World Bank are fixed on the horizon.

We have inherited decades of knowledge and benefitted from the generosity of every nation, now we are being called upon to lead, and we have never been better positioned to deliver the progress that is demanded.

Our financing is an attractive resource but not more than the World Bank's devotion, creativity, people, and innovation.

Those are the attributes that will carry us forward on this journey.

Thank you.