

# World Bank Group President Jim Yong Kim Remarks at Davos Press Conference

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**World Bank Group President Jim Yong Kim  
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## Transcript

**MR. KIM:** [In progress]--in the recent disagreement.

And we all have to remember, there's a number of organizations in the European Union have an extremely diverse set of views on this particular issue. So, his ability to bring the Union together, I think, is a very important signal for all of us.

A year ago, I said at this meeting that we needed a plan for tackling climate change, a plan fit for the challenge that we face. A year later, we've seen great leadership on climate from countries and companies, but emissions are still rising and the poor are still suffering.

We don't have a plan yet and the bits we do have are not equal to the size and challenge.

The UN Secretary-General has called for a leadership summit and we all should be very grateful to him for having done so. This gives us the opportunity to organize our collective leadership.

This is the year to take action on climate change. There are no more excuses. If we fail, our children and grandchildren will ask us why we didn't act when it was still possible to do so.

We need leaders who are not thinking about short-term returns or election cycles. We need leaders who are thinking foremost about taking care of the most vulnerable in this generation and the generations ahead.

The good news is that there is action we all can take to turn economies around so they're investing in what is clean and healthy and there are innovations that will bring future growth, jobs, and competitiveness.

Through policy reforms, we can divest and tax that which we don't want, the carbon that threatens development gains over the last 20 years.

First things first: Many have called for a price on carbon. Now, we must act. Governments must put a price on pollution. Putting a price on carbon through either taxes or market-based instruments are key. Can we be ready by September to set target dates for implementation? We should set performance standards for buildings, cars, appliances, transport systems, and drive efficiency to encourage investment away from high-carbon growth and towards innovation and cleaner, greener growth.

We called for a phase-out of harmful fossil fuel subsidies. Act now. The \$1.9 trillion in subsidies can be redirected to support investment in clean growth. This challenges the notion that responding to climate change is not affordable.

Financial regulators need to lead, as well. Sooner rather than later, they must address the systemic risk associated with carbon-intensive activities in their economies, made clear, of course, by price signals. Start now by enforcing disclosure of climate risk and requiring companies and financial institutions to assess their exposure to climate-related impacts.

The so-called "long-term investors" must recognize their fiduciary responsibility to future pension holders who will be affected by decisions made today. Corporate leaders should not wait to act until market signals are right and national investment policies are in place.

Be the first mover. Use smart due diligence. Rethink what fiduciary responsibility means in this changing world. It's simple self-interest. Every company, investor, and bank that screens new and existing investments for climate risk is simply being pragmatic.

The release of the green bond principles this month is welcome, but we need to seize the opportunity, one that many financial leaders have been calling for. Let's use appetite for green bonds to expand the universe of investors who are investing in green assets. Let's create demand for those assets even faster.

Can CEOs in energy, infrastructure, and agribusiness come to New York in September with their green bond issue in hand or underway? And institutional investors should commit to purchasing specific significant amounts of green bonds for their portfolios.

So, as a first step, we should aim to double the green bond market and reach \$20 billion by the September summit, and at least \$50 billion by the time of the Paris meeting.

In the face of the science and the risk associated with climate volatility and the social volatility of inequality, the question isn't why we should act but rather it's why aren't we acting? We have to help poor countries in this transition. We have to reduce the risk of low-carbon investment, especially in developing countries, but we can do it. Development finance institutions can leverage their capital and use the green climate fund to reduce their risk and catalyze new investments in resilience.

Finally, to heads of state: Announcing your commitment to capitalize the green climate fund at the time of the Secretary-General's summit will build trust and important momentum.

In 20 years, all of us will be asked a question: What did you do to fight climate change? The leaders here in Davos, both from the private sector and from government, have it in their power to act in substantial ways. Now is the time to act for future generations before it's too late.

Thank you.

**QUESTION:** Thank you, President Kim.

Indeed, 2014 is a crucial year for engagement in climate change. What is different about today's climate change debate versus 2006/07?

**MR. KIM:** [In progress]--three main things that are very different from [unclear 0:00:04]. The fact that the Secretary-General has made battling climate change one of the very top priorities is extremely important, but we also see changes in the United States, a much stronger commitment to tackling climate change and reducing greenhouse gas emissions.

China has one of the most ambitious plans to reducing greenhouse gas emissions, an ambition that they need, given that they're the largest emitter, and then, President Barroso; so the three top emitters, the European Union, China, and the U.S., are all in a very different place right now than they were even two or three years ago. So, that's the first thing, political leadership.

Second thing is the private sector. I see a completely different view among private sector companies and CEOs of the largest firms in the world talking to us, talking to me

particularly, about the possibilities of green bonds and how they can use their capital to facilitate the movement toward renewable energy.

And finally, the technology is different, and it's changing all the time. Concentrated solar, for example, was a dream several years ago and now the possibilities are much better, and that's only going to accelerate over time. But to get the kind of investment in new technologies that we need, the market signals have to be very strong.

And so, the combination of commitments from the government and from leaders like Secretary-General Ban Ki-moon, and the new and growing approach of the private sector--the private sector, I think, will lead to the new technologies and we can bring in the virtuous circle that we've all been waiting for.