

Investment for Poverty, Education and Sustainable Development : the World Bank

Rome Investment Forum 2015

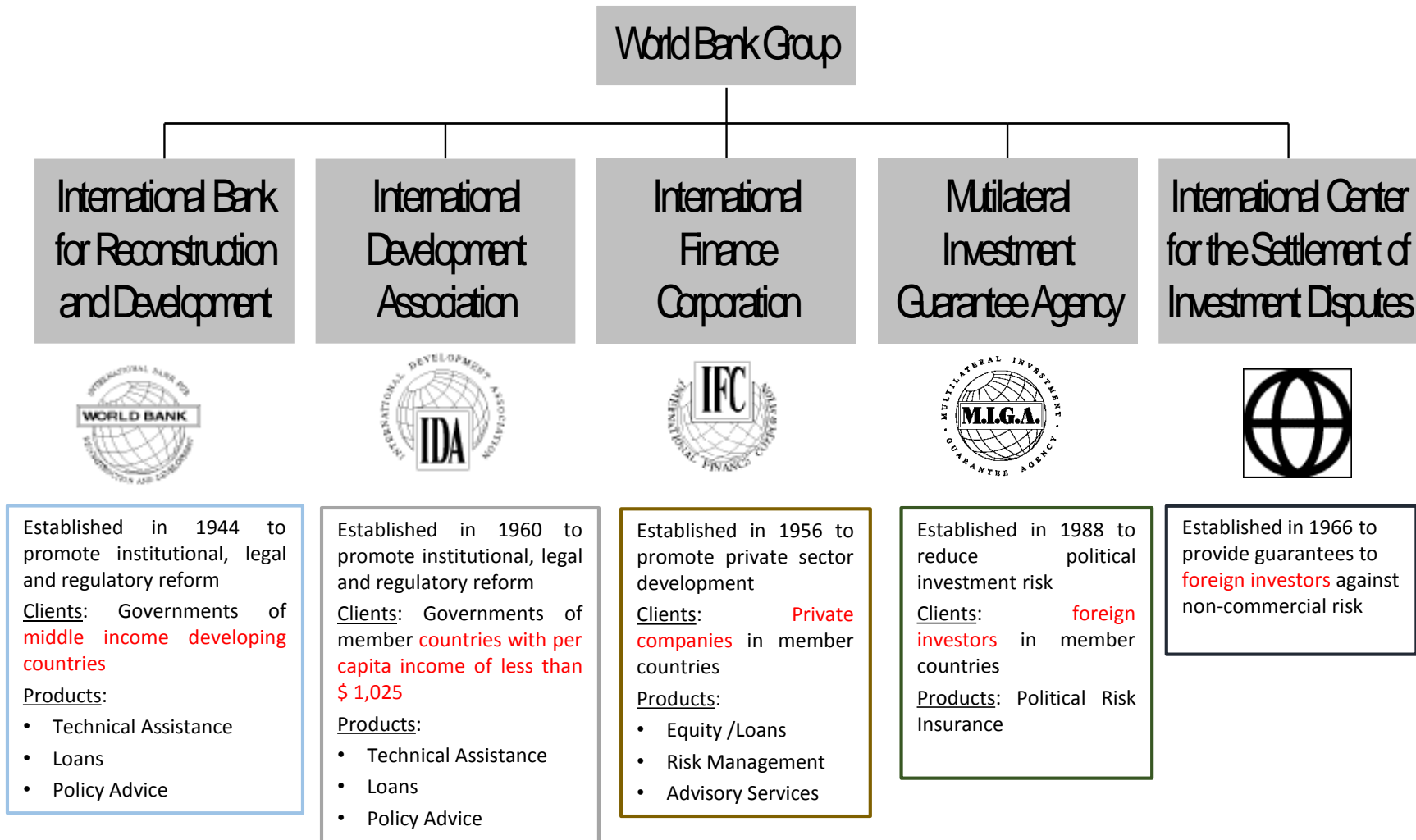
Financing Long-Term Europe

12 December, Rome, Palazzo Rospigliosi

Summary

- Organization
- Goals
- Operations and Knowledge
 - Climate change, Agriculture, Energy, Water, Urban resilience, PPP
- Global Infrastructure Facility
- Business opportunities

The World Bank group: organization



The World Bank Group: goals

Eradication of poverty

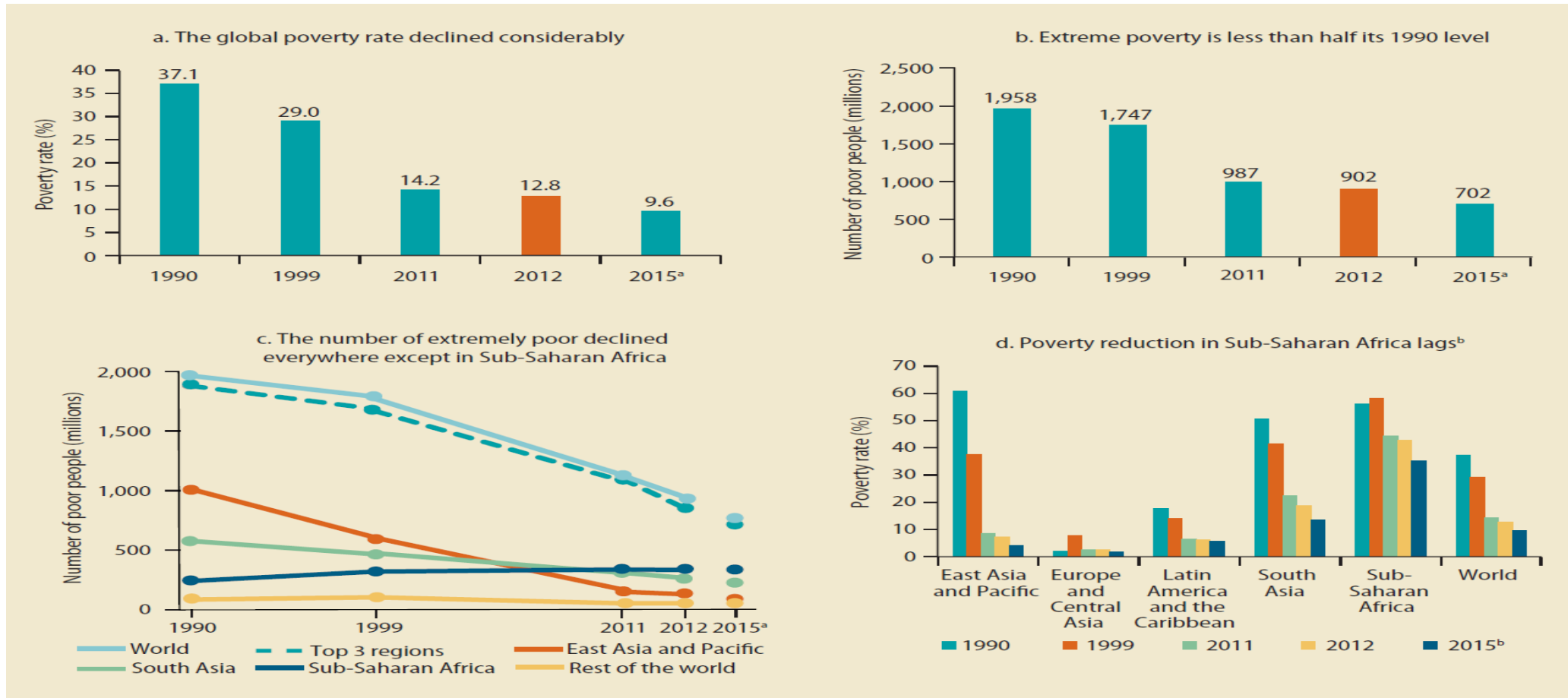
1. End (less than 3%) extreme poverty globally by 2030;
2. Promote Shared Prosperity: steady growth of the bottom 40% of the population;
3. Reduce inequality of opportunity (non-income dimension of poverty): investing in human development.

From the Millennium Development Goals (MDGs) to the Sustainable development Goals (SDGs)

- The world met the MDG target of halving the global poverty rate in 2010, five years ahead of schedule. In many ways, development has advanced more rapidly over the 15-year MDG era than at any other time in human history.
- The MDGs were successful in reducing income poverty, but they were less successful in ameliorating non-income deprivations, such as access to quality education or to basic health services. In 2013, over 5 billion people in developing countries were breathing polluted air.

From the Millennium Development Goals (MDGs) to the Sustainable development Goals (SDGs)

- Still, poverty remains unacceptably high, with an estimated 900 million people in 2012 living on less than \$1.90 a day
- Poverty also is becoming increasingly concentrated in Sub-Saharan Africa



Sustainable Development Goals (SDG)

- The SDGs aim to scale up impact in a changing world through a more integrated approach to development.
- Meeting SDG investment needs: from “billions” in official development assistance to “trillions” in investments of all kinds, unlocking, leveraging, and catalyzing public and private resources.

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- **Equitable Growth, Finance and Institutions:** Finance & Markets, Governance, Macroeconomics & Fiscal Management, Poverty & Equity, Trade & Competitiveness;
- **Human Development:** Education, Health, Nutrition & Population, Social Protection & Labor;
- **Sustainable Development:** Agriculture, Energy & Extractives, Environment & Natural Resources, Social, Urban, Rural & Resilience Transport & ICT, Water;
- **Cross-cutting solutions:** Climate Change Fragility, Conflict & Violence Gender Jobs Public-Private Partnerships (PPP).

Shock Waves

- Climate change threatens the objective of sustainability eradicating poverty (which is the net flow of in and out of poverty).
 - climate-related shocks: natural disasters, heat waves, floods, droughts, reduced rainfall,
 - Poor people and poor countries are vulnerable to all types these climate-related shocks
 - That destroy assets and livelihoods.
 - Waterborne diseases and pests, that become more prevalent during heat waves, floods or droughts
 - Crop failure
 - Spike in food prices
- Climate-related shocks and stresses will worsen with climate change

Shock Waves

- The goal of maintaining climate change below 2°C increase in global temperature above pre-industrial levels implies to bring carbon emission to zero before the end of the century
- Between now and 2030 climate policies can do little to alter the amount of global warming that will take place.
- The only option is to reduce vulnerability through both targetted adaptation investments and more and better economic growth.

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Sustainable Development: Energy

- Providing reliable electricity to the unserved and inadequately-served people of the world is central to efforts to eradicate extreme poverty and create shared prosperity.
- The energy sector contributes about 40% of global CO2 emissions, making the transition to a more sustainable energy mix critical for climate change mitigation.
- Energy priorities are:
 - Achieving universal access to reliable modern energy: generation, transmission, electrification, clean cooking solutions.
 - Shifting energy systems to a more sustainable path: renewable energy, natural gas, energy efficiency.

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Sustainable Development: Agriculture

- 75% of the world's poor live in rural areas, most are involved in farming.
- Food production must increase by at least 50% to feed 9 billion people by 2050 (demographic challenge)
- Agriculture is vulnerable to climate change and it is, with associated deforestation, the largest contributor to greenhouse gases.
- Agriculture can also help to stop a 4°C warmer world – it is the only sector that can suck carbon out of the atmosphere.
- Climate-Smart Agriculture has the potential to deliver a “triple win” of increased productivity, enhanced resilience, and lower emissions

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Sustainable Development: Social Urban Rural and Resilience

- 75% of the world's poor live in rural areas. At the same time, 1 billion people live in slums today and poverty is urbanizing. 1.5 billion people live in countries affected by repeated cycles of violence. In the past decade, the number of people affected by natural disasters tripled to 2 billion.
- Although 80% of GDP is generated in urban areas, social exclusion and inequality are rapidly growing in cities. Since 1980, low-income countries have accounted for only 9% of the disaster events but 48% of fatalities. Increasing the resilience of cities, villages, and communities (infrastructure, early warning systems, health care) is critical because the burden of disasters, conflict, crime, and violence falls disproportionately on the poor and the bottom 40% of the population.

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Sustainable Development: Water Management

- Around 2.5 billion people lack access to improved sanitation and 748 million lack access to improved water supply. One in 3 of the poorest 40% do not have access to improved drinking water and 4 in 5 do not have access to improved sanitation.
- In addition :
 - Coastal cities could see \$1 trillion in damages due to floods by 2050.
 - By 2050, developing countries will need to double food production with less water allocated for irrigation.
 - Energy demand will increase 35% by 2035, increasing water use by 15%.
 - Degradation of water quality due to poor water management is reducing the amount of freshwater, degrading land, impacting ecosystems and affecting the health of millions of poor.

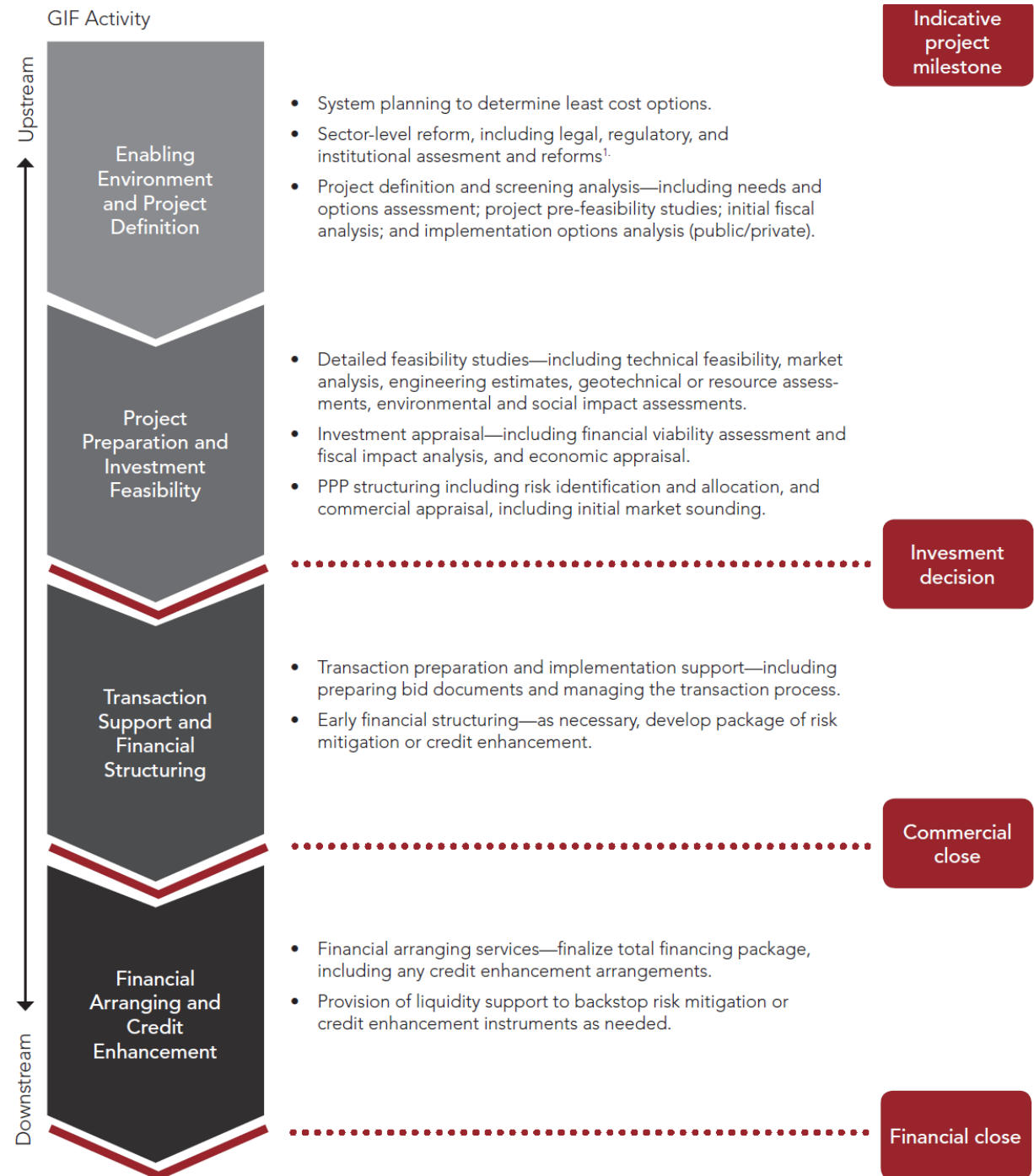
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Cross Cutting Solution: Public-Private Partnerships

- Innovative ways to mobilize resources from both the public and private sectors. The IFC, through its work with the private sector, supports renewable power, energy efficiency, green buildings, and other climate-smart solutions for developing countries. IBRD and IFC are also the world's largest issuers of green bonds to support low-carbon projects, with \$5.3 billion issued by the World Bank Treasury in 61 bonds and 17 currencies, and \$3.4 billion by the IFC, including two \$1 billion benchmark offerings in 2013.
- In PPPs, risk can be allocated between the public and private actors according to their capacity to manage it. PPPs also leverage scarce public funding and introduce private sector technology and innovation to public services.
- The challenge is not a fundamental lack of capital, but rather a shortage of investment grade projects.
- Governments need to pay more attention to the selection, quality and management of infrastructure projects.

GIF

- Global Infrastructure Facility: a global open platform to facilitate the preparation and structuring of complex infrastructure PPPs.



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Cross Cutting Solution: Climate Change

- In Sub-Saharan Africa and South Asia, the number of exposed poor could grow to 325 million by 2030. Globally, urbanization is increasing the number of people in slums, which frequently form in the highest-risk areas, exposing the poor to greater risks from heat waves, flooding, mudslides, and disease.
- Among the WB's priority areas:
 - Building low-carbon, climate-resilient cities by mobilizing direct finance and expertise and helping fast growing cities avoid locking in carbon intensive infrastructure.
 - Moving forward on climate-smart agriculture through the triple win of increasing yields and income, making farms more resilient to climate change, and helping to sequester carbon in the soil.
 - to accelerate energy efficiency, investment in renewable energy, and universal access to modern energy.
 - Laying the groundwork for placing a robust value on carbon, including a push for innovation in carbon markets.
 - Supporting the removal of harmful fossil fuel subsidies.

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Equitable Growth, Finance and Institutions

- Additional efforts are needed to promote broad-based growth. This requires a strategy that promotes competitive economies (Trade and Competitiveness) and stable business environments (Governance, Macroeconomics and Fiscal Management).
- Policies that encourage the geographic expansion of the financial sector (Finance and Markets) and broaden access to banks and other intermediating institutions may help channel savings to investments in small and medium enterprises, as well as underserved regions.

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Human Development

- Robust insurance mechanisms (Social Protection and Labor) are needed to protect the extremely poor from destitution and the vulnerable against evolving risks, including climate change.
- Income poverty is typically accompanied by inadequate access to Education, Health, housing (Social, urban, rural resilience), , employment (Jobs) and personal security (Conflict and violence) — areas where improvements would increase the chances for escaping poverty.

Education

- With 57 million children not in school today and 250 million more not acquiring basic skills necessary for work and life, ending extreme poverty and boosting shared prosperity depend on more and better investments in quality education and learning.

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Sustainable Development: Environment and natural resources

- Forests, Watersheds, and Sustainable Landscapes
- Fisheries and Coastal Resources
- Pollution management and environmental health.

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Sustainable Development: Transport and ICT

- A third of the world's population lacks access to an all-weather road, and two-thirds of people in developing countries are more than one hour away from a large city. 60% of the world's population lack internet access, and even where broadband service is available, many of the poorest cannot afford it.
- The WBG is the largest provider of development finance for transport globally, with an active portfolio of \$47 billion; 74% of Bank projects include an ICT-related component.