The final push to end extreme poverty must begin right now

Jim Yong Kim

2015 is the most important year for global development in recent memory. In July, world leaders will gather in Addis Ababa to discuss how to finance development priorities in the years ahead. In September, heads of state meet at the United Nations to establish the Sustainable Development Goals -- a group of targets and goals set for 2030. And in December, countries again will gather in Paris to work out an agreement on climate change.

This year has also seen the emergence of a major new player in development -- the Asian Infrastructure Investment Bank led by China, with more than 50 countries and regions signing on as members. With the right environment, labour and procurement standards, the Asian Infrastructure Investment Bank -- and the New Development Bank, established by the BRICS countries -- can become great new forces in the economic development of poor countries and emerging markets.

We hope these new institutions will join the world's multilateral development banks and our private sector partners on a shared mission to promote economic growth that helps the poorest. The decisions we make this year, and the alliances we form in the years ahead, will help determine whether we have a chance to end extreme poverty by 2030, the central goal of the World Bank Group.

The good news is that the world has made substantial progress already. Over the past 25 years, we have gone from nearly two billion people living in extreme poverty to fewer than one billion. But that means we still have nearly one billion people living on less than $1.25 a day.

We know it is possible to end extreme poverty in the next 15 years, in part because of this past success, and because we have learned from years of experience about what has worked and what has not. As a result, our advice to governments has evolved over time. Our strategy to end extreme poverty can be summed up in just three words: Grow, Invest, and Insure.

First, the world economy needs to grow faster, and grow more sustainably. It needs to grow in a way that ensures that the poor receive a greater share of the benefits of that growth. We can reach the end of extreme poverty only if we mark a path toward a more robust and inclusive growth that is unparalleled in modern times.

The World Bank Group will continue to support governments and make investments in a broad variety of areas in the fight against extreme poverty. In most of the developing world, though, efforts to end extreme poverty will require us to focus on boosting agricultural productivity.

Helping farmers improve yields requires increasing access to better seeds, water, electricity and markets. According to one study in Bangladesh, six years after constructing 3,000 kilometres of roads to connect communities to markets, household incomes increased by an average of 74 percent.

That is the growth part of the strategy. The second part of the strategy is to invest -- and by that, I mean investing in people, especially through education and health.

The opportunity to get children off to the right start happens just once. Investments made in children early in life bring far greater returns than those made later on. Poor nutrition and disease can have life-long implications for mental and physical health, educational achievement, and adult earnings.

The final part of the strategy is to insure. This means that governments must provide social safety nets as well as build systems to protect against disasters and the rapid spread of disease.

Ebola revealed the shortcomings of international and national systems to prevent, detect, and respond to infectious disease outbreaks. Ebola also taught us that the poor are likely to suffer the most from pandemics. The World Bank Group has been working with partners on a new concept that would provide much needed rapid response financing in the face of an outbreak, where countries would receive rapid disbursements of funding, which would, in turn, help contain outbreaks, save lives, and protect economies.

We know that ending extreme poverty will be extraordinarily difficult -- in fact, the closer we get to our goal, the more difficult it will be.

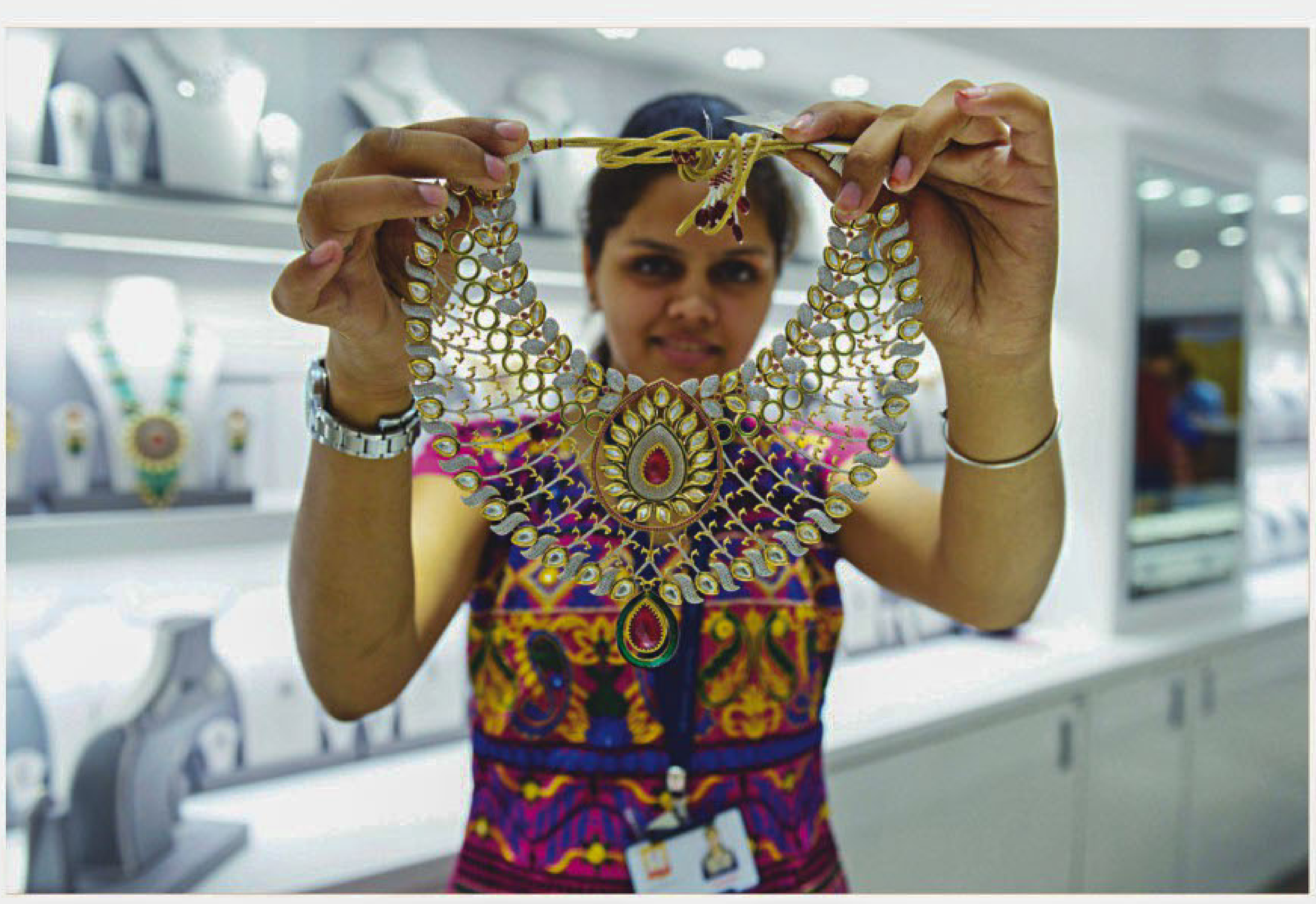
Governments of the world must seize this moment. Our private sector partners must step up. The World Bank Group, our multilateral development bank partners, and our new partners on the horizon, must all seize this moment. We must now collaborate with real conviction and distinguish our generation as the one that ended poverty.

We are the first generation in human history that can end extreme poverty. This is our great challenge, and our great opportunity. The final push must begin right now.

The author is the president of the World Bank Group.

REUTERS

World Bank President Jim Yong Kim takes his seat as he arrives to brief the press at the opening of the IMF and World Bank's 2015 Annual Spring Meetings, in Washington, on April 16.


AFP

An Indian salesperson poses for a photograph with a necklace ahead of the "Akshay Tritiya" celebration, at a showroom in Ahmedabad yesterday. Akshay Tritiya is considered an auspicious day in the Hindu calendar to buy gold and other jewellery.

Britain's bank tax jump threatens to push HSBC, StanChart to new home

Reuters, *London*

HSBC and Standard Chartered are looking at the viability of quitting London for a new home in Asia because a big jump in a tax on UK banks makes staying in Britain increasingly painful.

Several investors told Reuters they want the two banks to do a thorough analysis on whether it makes sense to move after Britain raised the bank tax by a third last month.

Some are expected to quiz bosses on it at shareholder meetings, including at an investor gathering in Hong Kong on Monday.

"There is a very clear risk that HSBC and StanChart reach a pain threshold where they think it is no longer worth staying in the UK," said Richard Buxton, head of equities at Old Mutual Global Investors, which owns HSBC shares and who said the bank was reflecting on a move.

The tax has increased eight times since being introduced in 2010 to ensure banks make a "fair contribution" after the financial crisis. The latest rise was seen as a popular move ahead of Britain's May 7 election.

Aberdeen Asset Management, the second biggest shareholder in Standard Chartered, with an aggregate 9.4 percent stake, said the bank should consider the option.

Senior management are already assessing the situation, people familiar with the matter said. Four years ago, HSBC said it would review its domicile in 2015, although the bank declined to comment if or when any review might occur.

"It's a live conversation internally because it's an issue being raised by investors and sell-side analysts," said a person close to one of the banks, who asked not to be named as the discussions are private.

The banks, who make most of their profits in Asia, face a combined $2 billion bill this year under the annual UK bank tax, up from $1.5 billion last year and almost double what they paid in 2013.

The opposition Labour Party plans to increase it by 800 million pounds to 4.5 billion pounds ($6.8 billion) a year for the banking industry as a whole, if it wins power, to pay for childcare for three and four year olds. Labour is neck and neck with Prime Minister David Cameron's Conservatives in polls.

Another hefty rise could be the final catalyst and force banks to move, Bernstein analyst Chirantan Barua said.

HSBC, which has described the levy as a tax on staying in London, faces a bill of $1.5 billion this year, about 7 percent of expected profits. Standard Chartered is set to pay $500 million, or about 9 percent of earnings.

HSBC says it has two "home" markets, Britain and Hong Kong. It moved from Hong Kong to London in 1993 when it bought Midland Bank and its most likely move would be back to its former home, one of the few places that could handle its $2.6 trillion balance sheet.

The bank began life in Hong Kong 150 years ago, with roots as a financier of trade between Europe and Asia. It issues most of the territory's bank notes and has made $24 billion in profits there over the last three years, compared to a $4 billion loss in Britain over the same period.

London has been home to Standard Chartered since it was formed in 1969 and its most likely new home would be Singapore, from where most of its businesses are already run.

Analysts said the cost of moving could be between $1.5 billion and $2.5 billion per bank.

HSBC told UK lawmakers in February, before the levy increase, the best location was still Britain. It had postponed a review in 2011 because Chief Executive Stuart Gulliver said there were too many moving parts to make a rational decision.

Industry sources said that could still be the case for both banks. They are trying to improve profitability, cut costs, sell businesses, deal with old misconduct issues and simplify. Standard Chartered also gets a new CEO next month, Bill Winters, who may want to raise capital.

"On a 10 or 15 year view, I'd be surprised if both of them are still here. But I don't think it's an issue for the short-term, they have bigger priorities," John-Paul Crutchley, UBS banking analyst, said.

Yet it could be worth it. JPMorgan analyst Raul Sinha estimated the higher UK bank levy will cut Standard Chartered's earnings by 13 percent in 2017, while a move away from Britain could lift its return on tangible equity, a key profitability measure, by 1.6 percentage points to 12.7 percent.

Britain is also forcing banks to separate domestic retail operations by 2019, so if HSBC is serious about moving, it could spin off its UK business at the same time, analysts said.

But the complexity of all the issues in the mix make a decision difficult. These include Europe's pay rules for staff, the risk of losing staff, how capital and leverage rules in places like Singapore compare, access to capital, political stability, credit ratings and the risk of regulatory change in any new jurisdiction.

REUTERS/FILE

A man walks past the head office of Standard Chartered bank in London.

Sony unveils new Xperia phone even as it retrenches in mobile

Reuters, *Tokyo*

SONY Corp on Monday unveiled a new high-end Xperia handset featuring an aluminium frame and a 5.2-inch screen, showing it is still in the smartphone race even as it scales down its struggling mobile operations.

The launch of the new flagship model comes amid a painful restructuring at the Japanese consumer electronics giant which has thrown the future of its smartphone division into doubt, with top executives saying an exit cannot be ruled out.

But as the company focuses on cutting costs rather than growing its mobile market, the division still needs investment in new products and marketing to maintain Sony's brand and hold off a more rapid deterioration.

Sony said the Xperia Z4 would be available in Japan around the middle of the year, though it did not provide a launch date, details on carrier partners or price. The handset would be available in four colours and was slightly thinner than the previous Z3.

Hiroki Totoki, who was appointed last year to turn around the mobile unit, said Sony was targeting the upper end of the market where rivals such as Samsung Electronics Co Ltd and Apple Inc dominate.

"There's a broad variety in the prices of smartphones, from around $100 to $1,400 at the upper end," he told a news conference. "We want to focus in the upper half of that."

Sony's mobile division has fallen far behind high-end rivals such as Samsung and Apple, while at the low end it is battling pricing pressure from Asian manufacturers such as China's Xiaomi Inc.

The company whose Walkman and Trinitron TV once played a critical role in the global entertainment industry has struggled in recent years to come up with trend-setting gadgets.


AFP

A model uses a game controller with Japanese electronics giant Sony's new smartphone "Xperia Z4" during a demonstration at the company's headquarters in Tokyo yesterday.