Joint Press Conference with Japan Finance Minister Taro Aso and World Bank Group President Jim Yong Kim

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World Bank Group President Jim Yong Kim, Japan Finance Minister Taro Aso
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Transcript

MODERATOR: [Interpreted from Japanese] Thank you very much for waiting. We would now like to start the joint press conference attended by Deputy Prime Minister and Minister of Finance Japan. Minister Aso as well as President Kim of the World Bank. We would like to ask Minister Aso and President Kim to make some opening remarks and then the floor will be open for questions. As you might already know because of time constraints, the questions will only be taken from one media outlet from the Japanese press and the foreign press.

Minister Aso please.

MINISTER ASO: Thanks for your patience. First of all put your earphones then you may hear my beautiful Japanese.

[Interpreted from Japanese] We are most grateful to President Kim for his work with Japan. Since he had assumed the Presidency in July last year, he already has been to Japan three times and has been working very hard to evermore strengthen our bilateral relationship between Japan and the World Bank.

Japan has been working toward economic growth and poverty reduction for developing countries in a sustainable way. We had to place emphasis on assisting developing countries
with the World Bank in the area of infrastructure development, formulation of a development policy, and development of human resources. In addition to that, lately we had placed a priority on the assistances to the areas of Global Health and DRM - Disaster Risk Management. Today it was delightful that I was able to together with President Kim in the Global Conference on the Universal Health Coverage.

In this conference, so many people have gathered to discuss the healthcare and health issues. We will share the findings of the joint study done by Japan and the World Bank on the universal health coverage. I hope today’s conference can be a booster for pushing forward health reform throughout the world.

At the opening speech I delivered by saying that our concentrated investment to the health area and introduction of the universal health insurance system has contributed greatly to the expansion of a healthy and productive middle class which propelled and supported economic growth. I also explained about what we have been doing in order to assure and maintain fiscal sustainability for the universal healthcare system.

In the area of the DRM, Japan has been working together with the World Bank to lead the world's DRM so far. There was a tragic incident brought by the typhoon in the Philippines lately, as is evident from that once mega-scale natural disasters occurring, it takes away the precious lives of the people. In addition to that, it wipes out the results of the development. For the sake of sustainable development, the development efforts taking into consideration the DRM is always necessary in the plan.

In February next year, in Tokyo, the DRM hub is going to be established as a first center for DRM in the World Bank. Japan would like to continue to support in the area of DRM utilizing good Japanese knowledge and expertise with the World Bank.

With regard to the International Development Association or IDA, which is an arm of the World Bank Group which places assistance to the low income countries, the negotiation for the 17th replenishment is in the final stage. In order to achieve President Kim’s twin goals if “ending extreme poverty” and “promoting shared prosperity”, it is very important that IDA can continue to provide effective assistances to the poorest countries in Asia and Africa in a useful way, so that they could also enjoy the sustainable economic growth going forward. In IDA17, loan securing its sufficient resources IDA can provide to development countries. Loan is going to be recognized in the form of assistance and contribution to IDA.
So by taking use of that, we hope that we would cooperate fully with the IDA replenishment so that he can be successful in serving the required funding he needs for the IDA.

President Kim please.

**DR KIM:** Thank you very much. Let me start just by saying that we joined the entire world in being deeply saddened to learn of the death of Nelson Mandela. I convey my deepest sympathies to the people of South Africa. The world has lost a man who brought a rainbow of possibilities to a country that was segregated into black and white, but his gifts to humankind remain with us. We're humbled by his leadership. We're inspired by his commitment to reconciliation. He showed us that fundamental change is possible and must be pursued when the freedom and well-being of people are at stake. On this sad day, our thoughts are with the South African people.

Your Excellency, Deputy Prime Minister Aso and members of the press, distinguished guests.

[Interpreted from Japanese] I am very happy to be here in Japan once again.

I'd like to thank the people of Japan for your contributions to the World Bank Group. Japan's leadership and global development and its longstanding support for the World Bank Group are deeply appreciated. Let me briefly mention a few important aspects of our ongoing collaboration. In particular, universal health coverage and disaster risk management. These are areas where Japan has accumulated a great deal of knowledge and expertise and the World Bank Group is drawing on that knowhow.

I'd like to congratulate Prime Minister Abe for his leadership in supporting universal health coverage as a pillar of Japan's strategy on global health diplomacy. As we just heard at the conference, there is a large and growing movement in developing countries to undertake the necessary measures to achieve universal health coverage for the poor. The quest for universal coverage is not only in demand for better health, it's a demand for equity.

On disaster risk management, the recent devastation in the Philippines is a tragic reminder of the severe social and economic toll that natural disasters take on a country and its people. The World Bank Group is providing nearly $1 billion to support the Philippines efforts to recover and rebuild from the devastation caused by Typhoon Haiyan.
Recent data shows the total worldwide reported losses from disasters are estimated at $3.8 trillion in the period 1980 to 2012, with 74 percent due to extreme weather. While not all natural disasters can be avoided, the impact that these disasters have had on a population can certainly be mitigated through effective planning and preparedness. Japan and the World Bank have been working hard to make disaster risk management a development priority. Together we will launch early next year the World Bank Japan Disaster Risk Management Hub in Tokyo. The hub will disseminate Japan's sophisticated knowledge on disaster risk management. It will also play an important role as a knowledge broker by spreading Japan's knowhow and technology to help developing countries manage and mitigate risk from natural disasters.

Finally, allow me to stress the leading role that Japan has played within the International Development Association as Deputy Prime Minister mentioned or IDA, which is the World Bank Group's fund for the poorest countries. With IDA’s help, hundreds of millions of people have escaped poverty through new jobs, access to clean water, schools, roads, food, electricity and much more. During the past decade, IDA funded immunizations for nearly a half a billion children, provided access to better water resources for 123 million people and helped 65 million people receive health services.

The World Bank Group looks forward to continuing our close partnership with Japan. We will draw upon Japan's vast knowledge and expertise in universal health coverage and disaster risk management. Together we can achieve the grand goal of the global community, ending extreme poverty by 2030 and boosting shared prosperity.


MODERATOR: [Interpreted from Japanese] Thank you. Let us take questions. So Mr. Maruyama from Mainichi Shimbun Daily.

QUESTION: [Interpreted from Japanese] Thank you for the opportunity. My name is Maruyama from Mainichi Shimbun. I have a question for Minister Aso. Universal coverage and sustainable development for developing countries' sustainable growth, what kind of a role can universal health coverage play and what kind of situation is this bringing to Japan and what is the role to be played by Japan in the environment? This is my question for Minister Aso.
MINISTER ASO: [Interpreted from Japanese] In the case of Japan, following enactment of the “National Health Insurance Act” in 1958 under the Kishi Cabinet, we achieved the universal health coverage in 1961 by making health care services available in Japan to anyone, anywhere, at any time. This is a very wonderful notion because the service will protect the dignity of the Japanese people. Together with economic infrastructure, health care lays the foundation for poverty reduction and prosperity.

Stable growth in emerging and developing countries can activate trade between Japan and them, and contribute to create new markets for Japanese enterprises and investors, which I believe beneficial for Japanese society at the time the population ages and fewer babies are born. Furthermore, it can make an opportunity for us to invite investment from the countries into Japan, which I believe will also contribute to the Japanese economy very much.

DR. KIM: So there has been debate over the years on whether investing in something like universal health coverage is an important part of spurring economic growth and there are still some debate, but I think that the World Bank Group and also among the leading economic development specialists, including Amartya Sen, especially the Professor – the Noble Prize winning Professor of Economics at Harvard and it's very specific to Japan. The fact that Japan committed to universal health coverage at a time when the GDP per capita wasn't among the highest in the world and at a time when many people outside of Japan thought that Japan could not afford to provide universal health coverage. Professors like Amartya Sen now are saying that was one of the keys to Japanese economic development and I think there's quite a bit of evidence now that suggests that investing in health and education very early in the development experience is critical for strong economic development. Also by investing in universal health coverage, it's one way of reducing inequality in a society. There is now quite a bit of very good evidence that suggests that high levels of inequality in a society slow economic growth.

What Deputy Prime Minister Aso is exactly right that it's critical for the developed countries that the developing economies grow. During the last five years and during the economic crisis, in fact much more than 50 percent of global growth was coming from the developing world and I think there's now a clear understanding that it is very much in the interests of all the developed countries to have the developing countries grow. And we think that Japan is exactly right on target in stressing universal health coverage as not just the right thing to do morally, but as the best you can do - one of the best things you can to spur medium and long-term economic growth. Thank you.
**QUESTION:** [Interpreted from Japanese] Let me go on to ask another question for President Kim. I have two questions actually for you. This universal health coverage penetration in developing countries - at the World Bank do you have any numerical targets for dissemination and penetration of UHC? In introducing universal health coverage in developing countries what do you think is the largest hurdle in introducing UHC? Next is about DRM. Typhoon struck the Philippines and Japan has already provided many forms of assistance to the Philippines but going forward to the Philippines what kind of contribution do you expect of Japan to contribute to the Philippines and in order to enhance DRM in developing countries how much amount of money and funding do you think will be needed for enhancement of DRM in developing countries?

**DR. KIM:** Thank you very much. So yes we announced two very specific targets for universal health coverage. First was a target that by 2020 we would cut in half the number of people who are impoverished by health care expenses. A hundred million people every year are impoverished by having to pay for their health care. So we want to reduce that to 50 million by 2020 and to reduce it to zero by 2030. It's a very, very bold target but one of the keys of universal health coverage is that people don't fall into poverty paying for health care.

The second target that we announced today was that among the poorest parts of a population - the bottom 40 percent -- only about 40 percent of the population today has access to basic health services. We want to double that number. We want to go from 40 percent to 80 percent of having access not just to basic services but also to hospital based care for deliveries - access to care for chronic conditions as well. This is another extremely bold target.

So if I were to say what's the one major hurdle, it's the one that Japan can help us with the most. It's political will. One of the things we know is that countries have to commit to providing universal health care. The fact that Japan did it so long ago and had so much experience with it and can have an influence in speaking directly with developing countries is extremely important so generating political will.

There are many other things as well but we think the kind of financing that is available even today we would love to have more but the financing that's available even today can take us a long way toward universal health coverage if we coordinate services. Right now there is a fragmentation. Many countries have one HIV program and a TB program and then another
program and all of these programs are building their own infrastructure which is extremely
inefficient.

So we think that the most important thing to do is first get political will and then we'll come
as experts with models of how to take the money that you're using for all these separate
programs, bring them together and offer universal health coverage.

As far as DRM, Japan has already stepped up and has been helping the Philippines. I think
we all have a very strong - I think it's important for every single agency that can take and
country that can play a role to help the Philippines. Our estimation is that we expected the
Philippines economy to grow at about 7 percent next year. We think that the typhoon will
have about a 10 percent impact - 0.7 percent -- but we also think that the Philippines can
recover especially if all of the global community responds quickly to help them.

In terms of overall, one of the things that is happening is that countries are watching what
happened in the Philippines. The Philippines was actually one of the better countries
because they had to increase their investment in disaster risk management over the last
three years but even though they had increased their investment it still wasn't enough.

So I think the world is beginning to understand that preparation for disaster is critical and I
also think that people are beginning to understand the connection between climate change
and disaster risk management. My own sense is that there will be tremendous demand for
support from the Tokyo hub of disaster risk management. I think that part of the climate
change related funds may be used for improving disaster risk management but we also just
need to be sure that organizations like the World Bank and others are supporting countries
and putting disaster risk management in place.

It's one of the best investments you can make. A dollar invested in prevention of disaster
returns $3-$4 once the disaster happens. If some systems, a dollar invested in an early
warning system pays you back $35 in terms of costs that are saved because you have that
system. So it's a good investment. Countries are understanding that. Thank you.

MODERATOR: [Interpreting from Japanese] Moving on, from Reuters, Mr. White please.

QUESTION: Yes this is a question first for President Kim it's about IDA which came up in
comments earlier. So my understanding is that the bank is in negotiations to replenish
funds. Do you expect that the United States and Japan will continue to remain main
contributors to IDA? Do you have any concerns that countries might be losing interest in IDA or somehow placing less importance on IDA?

Also, I'd like to direct a question to Finance Minister Aso. I'm wondering if you feel that Japan's public finances might actually allow Japan to start greatly increasing contributions to things like IDA or the World Bank or the IMF or Asian Development Bank to help either maintain or increase Japan's influence in global financial affairs. Thank you.

DR. KIM: Thanks for the question. You know one of the things we're hearing everywhere we go is that this is an extremely difficult time for countries. While many countries are reducing their official development assistance, we have been very encouraged in getting extremely positive messages from our donor countries. Now we're not going to know the final numbers until it's probably - it's going to be about a week from now - December 17 or so but we remain very hopeful.

I think that one of the things we've seen is that there's been a - the great increase in the assessment of impact and value for money of different approaches to development assistance and from studies from all over the world including from DFID and from others -- DFID which is the British aid framework -- we've come out in very, very good shape in terms of value for money.

So I think donors are looking at those numbers very carefully and so while we understand that this is an extremely difficult time economically we are encouraged by the strong positive messages we're getting from many of our donors.

MINISTER ASO: Thank you very much.

MINISTER ASO: [Interpreting from Japanese] IDA is responsible for providing assistance to low income countries and its replenishment negotiation is reaching its climax as I have mentioned to you before. Of course, we have a tight budgetary situation in Japan, however, we would like to assist IDA, working very hard toward assisting the low income countries, working to alleviate poverty and playing a major role particularly in the developing countries.

In the IDA17, loan is going to be recognized as a form of contribution to IDA, and Japan would like to positively continue assisting that effort particularly in the form of loan. We hope we can contribute to the success of the replenishment and hope to secure sufficient amount IDA can mobilize. As well as financial support, Japan is also willing to offer
technology, expertise and human resources to be shared with the developing countries for the sake of sustainable economic growth and poverty reduction in the world.

Come to think of it, in 2008 the Lehman shock had occurred and at which time Japan had provided the loan amount totaling about $100 billion to the IMF. As a result of that the abrupt financial contraction was able to be avoided, so we were able to avoid the repetition of what had happened in the 1930s.

So as you may recall we are always looking forward to the further world development and it leads to the poverty reduction and economic development in LDCs as well. Although we admit that our fiscal situation is tight, we remain positive about making contributions to these important endeavors.

**MODERATOR:** [Interpreting from Japanese] Thank you. That concludes the joint press conference. Thank you very much for your attendance. Members of the press please remain seated for a few more moments.