Statement by

Mr. Mitsuhiro Furusawa
Vice Minister of Finance, International Affairs

Japan

88th Meeting of the Development Committee

October 12, 2013
Washington, D.C.

To realize a free, prosperous and stable international community, Japan has been working to address global development challenges through the combination of assistance through international organizations and bilateral assistance. Japan also actively accumulates and disseminates expertise on development issues by hosting international conferences where stakeholders from all over the world gather.

Japan has long prioritized assistance in infrastructure to promote development and economic growth of developing countries by such efforts. In addition, Japan has been recently laying emphasis on assistance in areas such as healthcare and disaster risk management, where Japan has comparative advantage based on long years of its experiences. We believe that Japan’s contribution will add to developing countries’ growth. Their growth will, in turn, help us grow together with them.

As follows, I would like to explain Japan’s recent efforts in development assistance and offer our views on the ongoing World Bank Group (WBG)’s reform efforts.

Japan’s Support for developing countries

Through development assistance, Japan will strengthen partnerships with developing countries which share universal values such as freedom and democracy. At the same time, Japan is focusing on assistance in those areas where Japan has comparative advantage in its technology and expertise to support economic and social development of the developing countries.

(1) Myanmar

To support Myanmar, which has been advancing reforms toward democratization and national reconciliation, Japan has led the international community towards comprehensive arrears clearance of Myanmar in close cooperation with the WBG, the IMF, and others. In May this year, Japan has fully cleared arrears on yen loans and stated to provide financial support worth a total of 91 billion yen, including yen loans of about 51 billion yen and grant aid and technical assistance totaling 40 billion yen. Japan highly appreciates the WBG’s swift implementation of the first International Development Association (IDA) assistance for the power sector. We expect that the WBG will continue to actively provide support in close cooperation with bilateral donors, including Japan, and regional development institutions.

(2) Africa

The Tokyo International Conference on African Development (TICAD) was launched in 1993 under the leadership of Japan. TICAD has since become a platform where we discuss a wide variety of issues related to African development with the support of co-organizers including the WBG, the United Nations
and others. TICAD V, which was held in Yokohama in June this year, brought together a total of at least 4,500 participants. Among them were representatives of 51 African countries including 39 heads of States and Governments; 31 development partner countries and Asian countries, representatives of 72 international and regional organizations; and representatives of the private-sector and nongovernmental organizations. Japan announced at TICAD V an initiative to provide 100 million dollars over five years in assistance through a WBG trust fund in order to promote maternal, newborn and child health, nutrition, employment and support business start-ups in post-conflict countries and fragile countries as well as agriculture which is one of the primary sectors in the region. In addition, with our focus on infrastructure, regional integration and private sector development in Africa, Japan announced expanding the framework for co-financing with the African Development Bank (EPSA: Enhanced Private Sector Assistance for Africa). Japanese companies are pinning hopes on Africa as a growth center with various business opportunities, while Africa is hoping for Japanese companies’ expansion into the region. We expect that, through these measures, Japanese companies and Africa will enhance collaboration and create a mutually beneficial relationship.

We welcome the recent agreement on the replenishment of the African Development Fund. We expect the AfDF to step up its activities, in line with Africa’s vision to become a prosperous continent with high-quality growth.

Development challenges

(1) IDA-17 Replenishment

In the process of ongoing negotiations for the next replenishment of the International Development Association (IDA), an introduction of innovative contribution methods such as contribution in the form of loans from donors is currently under discussion. We welcome the introduction of the loan contributions, as it would increase financial resources available to the IDA, and such resources can be utilized more efficiently for transitional support for countries such as India in which many people still live in extreme poverty despite the growing average income. We would like management to appropriately evaluate the loan contributions provided by donors.

As part of the IDA17 replenishment discussion, we are considering the best way to support fragile countries. We believe that it is important not only to seek to expand the allocation of funds but also to ensure that specific support measures are planned under frameworks of support for individual countries and the results are appropriately monitored. Moreover, in order to use the financial resources as effectively as possible, we should continue to fully take into account the advantage of the PBA (Performance-Based Allocation) which encourages client countries to enhance their governance.

(2) Healthcare

Healthcare serves not only for protecting people's health and lives, but also for building the foundation for economic and social development. In this regard, we need to develop systems of universal health coverage whereby all people can receive healthcare services at an affordable cost when needed.

Japan has experiences of more than 50 years in universal health coverage since it introduced universal insurance system in 1961. The system has built the foundation for our steady economic development by providing all of the population with fair and reasonable healthcare and medical services. Facing the rapid aging of society, Japan is making efforts to make the system work more effectively in order to enhance sustainability. In regard to this, in order to help developing countries utilize experiences and knowledge concerning Japan’s universal insurance system and other such systems, Japan and the WBG have been
undertaking a joint study. We plan to compile policy recommendations, and, in December this year, to hold a meeting to disseminate the outcome of the joint study.

With regard to recent developments related to healthcare, at TICAD V held in June this year, Prime Minister Abe expressed an intention to make universal health coverage (UHC) into a “Japan brand.” In addition, in his address before the General Assembly of the United Nations in September this year, the Prime Minister pointed out the importance of improving access to medical care and enhancing maternal, newborn and child health by promoting the UHC.

We are resolved to address these issues in cooperation with the WBG by making use of the advanced knowledge of Japan and the WBG in such fields as maternal, newborn and child health and improvement of nutritional conditions.

(3) Disaster Risk Management (DRM) and global environment issues

Large-scale natural disasters, once they occur, take a heavy toll on the lives of people. They also significantly damage years of development efforts in moments. The poor and vulnerable are most exposed to such disaster risks. Actions should not fall behind nor follow an occurrence of disaster. It is thus vital to provide appropriate support for actions in advance to prepare for future disasters. From this perspective, we welcome the adoption of “natural disaster risk management” among the special themes of IDA17.

To promote sustainable development, I would like to emphasize the importance of development efforts which adequately reflect the idea of natural disaster risk management: mainstreaming of disaster risk management. Japan has valuable knowledge on disaster risk management based on many years of experiences in both the public and private sectors. We expect that the Tokyo DRM (disaster risk management) hub, created for the purpose of disseminating such advanced knowledge, will play a role in transferring Japan’s technologies and experiences of disaster risk management.

Global environment issues, if left untouched, could also impede sustainable economic growth by increasing natural disaster risks. Japan has been supporting international efforts to preserve the global environment, including addressing climate change. Particularly important is the role of the GEF (Global Environment Facility) which has been engaging in a broad range of activities in an innovative approach for more than 20 years. With discussions about the sixth replenishment of the GEF under CEO Ishii currently taking place, the international community needs to make concerted efforts to actively address such issues. Japan hopes that the GEF, by leveraging its strength, will bring about global environmental benefits with positive impact over a wide range of fields including climate change and biodiversity conservation as well as the Minamata Convention on Mercury and demonstrate strong leadership in cooperation with the WBG and other partners.

World Bank Group’s reform

(1) Organizational reform

Under the two strategic goals of “ending extreme poverty” and “promoting shared prosperity,” which have been set to address global development challenges, the WBG shows us its future direction of transforming into a “Solution Bank.” This transformation means a shift from its previous emphasis on just implementing projects and lays much emphasis on solving development challenges. The WBG is making reform efforts towards more efficient operation and management as an organization. We support the WBG’s efforts under the leadership of President Kim.
The WBG should regularly review whether the current approaches are the best ones in addressing a wide variety of development challenges. Addressing development issues is always closely related to today’s complicated international economic situation and global financial markets. Towards becoming a “Solution Bank,” we hope the WBG to be an institution capable of designing a medium and long-term development strategy with broader perspectives taking into account the trend of the global economy and to what extent a financial crisis, should one occur, would affect the poor and vulnerable. Going forward, we expect the WBG to promptly formulate a concrete strategy to attain the two strategic goals.

On the WBG’s organizational reform efforts, we recognize that management is considering establishing “Global Practices,” which are supposed to encourage the whole organization to fully utilize knowledge scattered over various internal departments by restructuring the existing network. In the reform efforts, we would like management to always be mindful of their efforts to be going in the right direction, avoiding duplication and seeking clarity on accountabilities and responsibilities, as well as ensuring to create a favorable working environment for staff so that they can maximize their potential. We also expect that the WBG is committed to continuing its operation to achieve the two goals without any delay even in this process of implementing the reform.

Talking about Global Practices, we have emphasized that we should incorporate the perspective of disaster risk management into every aspect of development assistance, and thus hope Global Practices place emphasis on such a viewpoint.

We also have high expectations for the “One World Bank Group” initiative, by which the WBG including the IFC and MIGA can attain the strategic goals as one integrated institution. I would like to point out the importance of synergy effects exercised and solutions brought about by respective agencies under one WBG without undermining the strengths of IFC and MIGA.

(2) Ideas for financing for infrastructure investment

Recently, the WBG and other Regional Development Banks have been considering new schemes that are expected to meet growing global demand for infrastructures. With regard to Japan, the Japan Bank for International Cooperation (JBIC) plays a vital role to mobilize private funds for infrastructure projects in Asia and other regions through JBIC’s loans and equity investments. We expect the WBG to contribute to the improvement of the investment climate by leveraging its expertise accumulated over years related to development assistance.

Financing schemes should always be efficient in addressing development challenges. We need to carefully review such schemes, when a new one is being created. Especially, in the infrastructure field, we need to recall that the WBG has provided support through the existing vehicles: IDA and IBRD. I would like to, therefore, reiterate that we need to carefully discuss and design a new one without depriving the WBG of limited human resources, while ensuring clear division of labor among various development banks without duplication. Japan will keep an eye on the ongoing discussions from such a perspective.

(3) Contribution in Human Capital

The WBG has just embarked on its organizational reform. Japan is committed to actively contributing to the important task of designing the future direction of the WBG including contributions in the area of human resources. A number of Japanese, as the WBG staff, actively engage in their missions at the frontline of development assistance such as those dedicating themselves to reconstruction of the economy in fragile and conflict-affected regions and those striving for improvement of the business climate in
Africa. Japanese staff can make even more contributions to change the world for the better by mobilizing their expertise, spirit of teamwork, and capability of getting over challenges they may face in areas such as healthcare and disaster risk management.

**Closing Remarks**

Last October in Tokyo, we had the honor of hosting the Annual Meetings of the IMF and the WBG as Japan strove to reconstruct itself from the Great East Japan Earthquake and Tsunami. A large number of participants attended from all over the world, and they had productive discussions in a variety of meetings on critical economic and development issues the international community faced. The Annual Meetings were successfully concluded thanks to the cooperation of the WBG and the IMF as well as various countries. We are delighted to know that we are still continuously discussing disaster risk management and other important themes even deeper ever since the Annual Meetings in Tokyo, and concrete outcomes have been produced including implementation of specific measures based on the discussions above. We hope that those measures will bring about significant development results.

We hosted the Annual Meetings in Tokyo last year for the first time since 1964. Likewise, we hosted the Olympics and Paralympics in the same year, 1964, in Tokyo, and the other day it was decided that we will host the Olympics and Paralympics in Tokyo again in 2020. I would like to take this opportunity to express our gratitude for the support we received. We are looking forward to welcoming many people from all over the world again.