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on the
Transfer of Real Resources to Developing Countries)



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Statement by

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1. Disaster prevention

Once a natural disaster occurs, a large number of human lives may be lost along with their families and communities. At the same time, the achievements of long-term development efforts may disappear in an instant. We felt this cold fact directly, when the unprecedented earthquakes and tsunamis hit Japan six months ago. Given the population concentration along with urbanization and the increasing habitation in disaster-prone areas in developing countries, and progressive climate change on the back of the world economic expansion, we can say that disaster prevention has grown more important as an indispensable factor for achieving sustainable development and human security.

Disaster risk management, unlike the health and environmental issues and poverty eradication set as the Millennium Development Goals, has not necessarily been recognized as a major development challenge. This may be because achievements in disaster prevention are difficult to observe ex-ante. Whether costs associated with disaster prevention efforts can be justified may not be known until a real disaster occurs, making it difficult to obtain social consensus for the allocation of resources to the disaster prevention agenda.

Based on objective analyses and the verification of past disaster records, however, we think it possible to make rational decisions about the amount of resources to be allocated to disaster resilience measures. In the event of a disaster, even a small additional investment in each project plays a great role in protecting human lives and development achievements. In the future, we should highlight the significance of disaster prevention and enhance disaster prevention efforts in various development programs in developing countries. At the same time, the World Bank should pay due respect to disaster prevention factors in every country assistance strategy and sector strategy.

In response to recent disasters in various regions of the world including Japan, awareness of disaster risk management has grown globally. To link this growing awareness to the implementation of specific disaster prevention measures, strong political wills are needed at the global level. The international community has promoted disaster prevention efforts under the Hyogo Framework for Action adopted at the 2005 U.N. World Disaster Reduction Conference. Japan has made a bid to host the 2015 U.N. World Disaster Reduction Conference and intends to make proactive contributions to building a post-Hyogo framework.

In the following, I would like to introduce two lessons from Japan's experience with the Great East Japan Earthquake for consideration in future disaster prevention efforts.

The first lesson is that we should systematically implement disaster prevention and preparation measures. Please allow me to present a specific case in which Japan's disaster prevention policy bore fruit. As an earthquake-prone country, Japan has strived to build a disaster prevention system in its Shinkansen bullet train network. Immediately after the Magnitude 9.0 earthquake occurred, all 19 bullet trains on the Tohoku Shinkansen line, including two running at 270 kilometers per hour, close to the maximum speed, stopped safely without trouble nor causing a casualty because of the early earthquake detection system.

Past structural reinforcement efforts have also helped prevent grave disasters such as the collapse of elevated bridges and tunnels on the Tohoku Shinkansen line. With the early earthquake detection system

and reinforcement efforts functioning properly, grave accidents were prevented, allowing services on the Tohoku Shinkansen line to resume only 49 days after the Earthquake. We thus reaffirmed that disaster prevention and preparation measures for large-scale infrastructure projects can considerably reduce damages.

The second lesson, coming from the shortcomings in Japan's disaster prevention policy, is that we must maintain crisis awareness over a long time with regard to infrequent, yet devastating large-scale disasters, and that we build systems without excessively depending on infrastructure.

Sea embankments have been constructed in the Tohoku region, which has been historically prone to earthquakes and tsunamis. In the latest disaster, while the earthquake itself fell short of destroying many buildings, higher-than-expected tsunami waves hit coastal zones going over the embankments, causing devastating damage. The disaster has forced us to conclude that Japan's preparations for such situations were insufficient and we must reconsider entire disaster prevention policy to date.

We learned from the disaster that a multilayered defense system should be built to minimize damage even in the event of a disaster that overwhelms disaster prevention infrastructures. The system should upgrade not only infrastructure, but also facilitate appropriate decision-making and actions through improvements in town-building and evacuation/warning arrangements, disaster prevention education, and deeper understanding of disaster risks. The significance of such "soft" measures, going forward, we expect the World Bank and developing countries to specifically acknowledge in enhancing disaster prevention efforts.

We believe it important to take advantage of lessons learned from the disaster and reconstruction efforts in Japan as international public goods for future development policies. In this respect, Japan and the World Bank will launch a joint research project on disaster risk management and reconstruction this autumn. In disaster-hit Sendai, Japan and the World Bank will host an international conference on disaster prevention, to deepen discussions, and to mainstream disaster risk management in development policies, on occasions of the Tokyo Annual Meetings next year.

2. Climate change

The World Bank has so far proactively addressed the issue of climate change caused by global warming. Climate change is a pressing global concern, bringing about a wide range of adverse effects, such as decline in grain crops, expansion of pathogen habitats, spread of desertification, shortage of safe water resources, and losses in biodiversity in various regions. It is an urgent problem that must be addressed irrespective of global economic conditions. By revisiting our conventional model of economic activities, we must transform economic growth into "green growth," consistent with global environmental conservation goals.

Japan announced to provide developing countries engaged in climate change measures with \$15 billion in fast-start finance from public and private resources by 2012. For example, Japan provided Indonesia with about 95 billion concessional Yen Loans for supporting policy and institutional improvements for climate change measures in three installments. Specifically, these loans are designed to support the absorption and reduction of greenhouse gas emissions and the enhancement of the country's adaptability to the adverse effects of climate change. Under this project, France has provided co-financing for all three loans and the World Bank for the third loan.

In close cooperation with the World Bank, Japan will enhance support particularly for African and small island developing states that are vulnerable to climate change.

At the 16th Conference of Parties to the United Nations Framework Convention on Climate Change (COP16) in Cancun late last year, it was decided to establish a Green Climate Fund (GCF). The Transitional Committee (TC) is now discussing the design of the new framework for supporting developing countries in implementing climate change measures. Japan hosted the second meeting of the TC in June of this year as part of its efforts to proactively contribute to making the GCF an effective fund to meet the needs of developing countries.

It is important that the GCF will be designed in such a way that can mobilize private sector investment in climate change adaptation and low-carbon development projects. Japan will proactively contribute to discussions so as to reach a fruitful conclusion at COP17 planned to take place in Durban, South Africa, late this year.

The Global Environment Facility (GEF), an important partner with Japan in tackling global environmental problems, has helped developing countries address a wide range of issues, including climate change, for over 20 years. Japan has highly rated past efforts of the GEF and, as the largest contributor to the fund, has proactively supported the GEF. Japan will extend its continued support to the GEF, expecting that the GEF plays an increasingly important role in helping developing countries address global environment issues. We believe that, in order to enable developing countries to realize green growth, it is indispensable to enhance their institutional capacity. Japan will actively provide "readiness support" to those ends in cooperation with the GEF and other partners.

3. Expectations for the World Bank and Japan's contributions

The World Bank Group has been continuing its efforts to accomplish its mission to realize sustainable growth and eradicate poverty in developing countries under the constraints of resources. While economic and fiscal conditions tighten in developed countries, the group is expected to enhance such efforts, to meet taxpayers' demand for more development results. Particularly, the group is expected to further improve methods to objectively evaluate how individual programs attribute to results. In addition, to better link the World Bank's knowledge to final achievements, strengthening systems to utilize the evaluations for designing and deciding on development policies is indispensable. We expect the World Bank to continuously play a leading role.

Japan provides financial and human resources for improving methods to evaluate achievements in the maternal and child health area, which we have given priority to, and is lagging behind markedly in achieving the Millennium Development Goals. We will continue to contribute to the World Bank's accumulation of knowledge about evaluation methods.

Japan, while introducing new methods, will cooperate with the World Bank in supporting developing countries in the health area as well. In August of this year, Japan extended a Yen Loan to Pakistan for polio eradication, through the Japan International Cooperation Agency (JICA), under a co-financing arrangement with the World Bank and in cooperation with the Bill & Melinda Gates Foundation. Under this scheme, the Gates Foundation may repay the loan on behalf of the Pakistani government on condition of certain achievements. This thus links, for the first time as a Yen Loan, certain achievements to the subrogation repayment to encourage the loan recipient to make efforts.

4. Japan's human resources contributions

For the World Bank Group to achieve its functions more effectively, member countries must make financial and human resources contributions commensurate with their respective economic power. While the World Bank Group advanced the reforms to match each country's voice and quota in line with respective economic weight, there remains much room for improvement in staff composition. Having

promptly completed its procedures to subscribe capital increase World Bank Group institutions agreed in 2010, we stand ready to contribute with human resources as well in addition to financing ones.

5. Closing remarks

Japan, stricken by the earthquake-tsunami disaster, continues to give priority to developing countries' sustainable growth and poverty eradication, and has made no change to its policy of supporting the World Bank Group's key role. With complete confidence in and respect for President Zoellick and the World Bank Group, Japan intends to continue its maximum contribution to the World Bank Group's efforts.