



**DEVELOPMENT COMMITTEE**  
(Joint Ministerial Committee  
of the  
Boards of Governors of the Bank and the Fund  
on the  
Transfer of Real Resources to Developing Countries)



**NINETY-SECOND MEETING**  
**LIMA, PERU – OCTOBER 10, 2015**

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**Statement by**

**Mr. Masatsugu Asakawa**  
**Vice Minister of Finance for International Affairs**  
**Japan**

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**92<sup>nd</sup> Meeting of the Development Committee**

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**1. Introduction**

The international community has made efforts to eradicate extreme poverty toward the Millennium Development Goals (MDGs) and has achieved significant results. For example, the number of people living in extreme poverty declined from around 1,950 million in 1990 to around 900 million in 2012, and the goal of halving the extreme poverty rate from its 1990 level was achieved before the target year of 2015. These achievements should be attributed to the sincere efforts made by both donor and developing countries to promote economic development and poverty reduction.

Meanwhile, the Ebola pandemic in 2014, natural disasters, and climate change events indicate that unresolved and new challenges have appeared over the past 15 years. Japan welcomes the adoption of the 2030 Agenda for Sustainable Development at the United Nations Summit in September this year in order to tackle the remaining and newly emerging challenges.

Development communities, where developed countries and international organizations including multilateral development banks (MDBs) played a central role, have diversified as emerging economies and private organizations have increased their presence as development partners. Moreover, private investment as well as cross-border remittances have increased overwhelmingly compared to Official Development Assistance (ODA) funds. Domestic resources in developing countries have also increasingly affected their own economic development.

It is necessary to intensively discuss the challenges on which the World Bank Group (WBG) should focus, the role it should play, and how it can secure the necessary funds to work on the 2030 Agenda. This needs to be done while paying attention to the WBG's Twin Goals, of ending extreme poverty by 2030 and boosting shared prosperity, as well as to its comparative advantage and mutual complementarity with other international organizations.

**2. The WBG's role under the 2030 Agenda**

The 2030 agenda is comprehensive and wide-ranging. It is important to identify the areas to be emphasized and provide support in a focused and continuous manner in order to effectively utilize limited financial resources for development. I will express Japan's particular expectations toward the WBG in light of the four challenge areas identified by WBG management, namely: (1) crisis prevention, preparedness and response; (2) meeting infrastructure needs; (3) combating climate change; and (4) improving development data.

**(i) Crisis prevention, preparedness and response—global health and disaster risk management**

The Ebola outbreak reminded the international community of the need to establish a comprehensive risk management mechanism.

This shall include both crisis prevention and preparedness in peace time, to be achieved through Universal Health Coverage and at the same time to increase our readiness for crises response that quickly detects and contains an outbreak in case of emergency. This comprehensive risk management approach has a similarity with disaster risk management, which Japan has been promoting for many years.

Japan, together with the WBG, will contribute to constructive discussions in order to strengthen global health governance, and welcomes the WBG's efforts in establishing the Pandemic Emergency Facility, which intends to promptly provide necessary financing while mobilizing private funds in the event of a pandemic threat. Meanwhile, by analogy with natural disaster response, we can apply the concept of "Build Back Better" to post-pandemic restoration and recovery. Specifically, emergency assistance should, in the affected countries, aim to build health systems that are more resilient than before the pandemic.

In December 2015, Japan will host the Global Conference on Universal Health Coverage in Tokyo. As the next chair of the G7 Summit, Japan regards global health as a priority agenda, and this conference will be a key milestone in the run-up to next year's G7 Summit. Japan welcomes the participation of President Kim and other prominent leaders of stakeholders to the conference to make a fruitful discussion platform.

Both in developed and developing countries, natural disasters have struck human societies. As was confirmed under the Sendai Framework for Disaster Risk Reduction 2015-2030 adopted in March 2015, disaster risk reduction is a highly cost-effective investment in the prevention of future losses and effective disaster risk management contributes to sustainable development. For example, Peru, the host country of the Annual Meetings, is promoting earthquake-proofing for school buildings under assistance provided through the Disaster Risk Management Hub in Tokyo (Tokyo DRM Hub), benefiting from Japan's relevant knowledge and expertise in the field of education. It is also necessary to continue making effective use of crisis response mechanisms that the WBG has created, such as the Pacific Catastrophe Risk Insurance Pilot Program, while aiming to develop them further.

**(ii) Meeting infrastructure needs—quality infrastructure**

Among the important development challenges under the 2030 Agenda is promoting infrastructure development with consideration of the life-cycle cost, safety, resilience against natural disasters, environment and social standards, and development of local human resources through transfer of skills in order to realize inclusive, sustainable and resilient economic growth. In September this year, "the International Workshop on Quality Infrastructure Investment" was held in Antalya, Turkey under the co-sponsorship of Japan, Australia and the World Bank, and a consensus was formed among stakeholders on the importance of the points that I mentioned above for promoting infrastructure development.

Currently, the World Bank is reforming a procurement system to introduce the concept of "value for money," including the life-cycle cost, based on the awareness that the quality aspect is essential for the evaluation of infrastructure investment. In the long run, developing countries will benefit by introducing this concept into their own procurement systems. Japan encourages the World Bank to make efforts to disseminate this new framework.

In order to meet growing infrastructure needs, it is also important to mobilize private funds. We expect that the Global Infrastructure Facility (GIF), which started operating in April this year, will further

promote improving investment environment and public-private partnership infrastructure projects while cooperating with other MDBs.

In order to promote quality infrastructure, Japan will strengthen its cooperation with the WBG, including the IFC and MIGA, while effectively using the partnership with the Tokyo DRM Hub, the Tokyo Development Learning Center and the GIF.

### **(iii) Combating climate change—resolution of global environmental issues**

The international community aims to reach an agreement on a new fair and effective international framework in which all major economies participate for the period in and beyond 2020 at the 21st Conference of Parties to the U.N. Framework Convention on Climate Change that will be held in December this year. The greatest focus of attention is on how to mobilize funds necessary for individual countries, particularly developing countries, in order to take effective actions on mitigation and adaptation toward climate change. Therefore, it is necessary to mobilize public and private funds through all available channels, including those bilateral and multilateral.

In particular, responding to climate change is regarded as addressing various development issues, including energy, urbanization, industry, agriculture and disaster risk management. Japan encourages the WBG to make efforts toward mainstreaming measures against climate change with its experience in providing funds and knowledge in a wide-range of development issues.

The Green Climate Fund (GCF), which was established to specifically work on climate change issues, is scheduled to begin operation this year. Japan encourages the WBG, as an accredited agency of the GCF, to formulate projects with significant development effects for countries particularly vulnerable to climate change, such as island countries and the poorest countries, by making use of the knowledge of the Tokyo DRM Hub.

In addition, Japan expects the Global Environmental Facility (GEF), which is tackling a wide range of global environmental issues not only climate change but also issues including biodiversity, soil degradation, ocean and marine resources, and disposal of chemicals and waste, to continue to address these issues from multiple perspectives based on GEF2020, the GEF long-term strategy, under the continued leadership of CEO Naoko Ishii.

### **(iv) Improving Development Data (accurate measuring and use of data for improvement of policy development) – technical assistance through the Japan Trust Fund**

When the international community works to implement the 2030 Agenda, it is necessary to accurately measure the development effects of individual projects and the development results for a country as a whole and utilize the lessons learned from them for future activities. Accurate measurement of results is significant not only to fulfill the accountability of assistance-providing organizations, including donors and the WBG, but also to let recipient countries enhance the quality of their own policy. Through the Japan Trust Fund, Japan contributes to technical assistance of the WBG to implementing agencies of central and local governments to define their own development results specifically and measure the process toward achieving them in order to enhance their own policy making systems.

## **3. Ensuring Financial Resources**

The WBG should appropriately play the role that the international community expects. Japan supports the WBG's initiatives to develop a solid financial base and financial tools necessary for that purpose. Japan will make active contributions to discussions about the effective use of existing funds through

optimization of the balance sheet, the IDA 18th replenishment, and the capital increase of IBRD/IFC, which will be held along with the efforts to mobilize private and domestic funds in developing countries.

Although these initiatives are wide-ranging, it is important to consider them in an integrated and comprehensive manner since all of them are intended to secure funds necessary for the WBG to fulfill its role. At the same time, it is necessary to carefully examine and analyze developing countries' specific financial needs in relation to the WBG. It is also indispensable to pay sufficient attention to the debt sustainability of developing countries amid changes in the global economic conditions surrounding them, such as the slowdown of emerging economies and lower prices of oil and other commodities.

#### **4. Closing remarks**

Japan urges the WBG to continue efforts to form a consensus through ongoing dialogues with various stakeholders, including donors and clients, as discussions about the WBG's role in realizing the 2030 Agenda begin in earnest at this meeting.

Moreover, in order to tackle wide-ranging international challenges, diversity in human resources is significant. To realize the 2030 Agenda, Japan will make not only financial and policy contributions but also actively make human contribution to the WBG.