



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)



EIGHTY-SECOND MEETING
WASHINGTON, D.C. – OCTOBER 9, 2010

DC/S/2010-0059

October 9, 2010

Statement by

Yoshihiko Noda
Minister of Finance
Japan

Statement by

**Yoshihiko Noda
Minister of Finance
Japan**

at the 82nd Meeting of the World Bank/IMF Joint Development Committee

Washington, D.C., October 9, 2010

1. Overview of the Present Situation regarding Development

First of all, I would like to offer our deepest condolences and sympathy to the victims of the disastrous flood in Pakistan.

The world remains in the midst of uncertainty, having been hit it by a series of large-scale natural disasters, with the instability of the prices of commodities and natural resources increasing, and the impacts of the global financial crisis still being felt. This year marks the 10th anniversary of the launch of the Millennium Development Goals (MDGs). However, progress has been delayed, particularly in the field of maternal and child health. Moreover, with the external stresses faced by developing countries growing more intense, the progress that had already been made in other fields might be reversed. There are a variety of closely related global issues, including climate change, biodiversity conservation, food and water security, disaster prevention, and anti-infection measures. The global community is facing a difficult challenge about how to deal with these inter-related global issues and how to protect global public goods.

In large part due to the financial crisis, economic and fiscal situations of developed countries have become worse, and it is becoming difficult for the international community to depend solely on public sector in developed countries to secure sufficient development funding to deal with the aforementioned global issues. Recently, on the other hand, there has been a diversification in providers of assistance, or “actors”. They now include NGOs, private foundations, and public-private sector partnerships that go beyond the traditional assistance extended bilaterally by developed countries or through international organizations, such as the World Bank. Looking back to the period before the financial crisis, private funds that far exceeded public funds were flowing into developing countries, thus contributing greatly to poverty reduction and development. It will become increasingly important for the development community to proactively incorporate funds as well as expertise possessed by a variety of actors into bilateral support and assistance through international organizations, and to put such private funds effectively to use for sustainable development.

2. Expectations for the World Bank Group

Based on the premise described above, I would like to highlight three expectations that we have of the WBG towards the achievement of the common goals shared by the international community of reducing poverty and achieving sustainable development in developing countries.

First, the WBG should focus more on cross-sectoral endeavors. Traditional sector-based thinking might overlook the interdependence and relation between sectors. For example, malnutrition among children may hinder progress in measures implemented in the educational sector, and the destruction of ecosystems may badly affect the agricultural sector. The WBG has a wealth of knowledge in a wide range

of fields and can effectively integrate such expertise. I hope that the WBG will implement a number of cross-sectoral measures and share them with other international organizations and donors.

Second, the WBG should display its convening power fully and more effectively.

In order to reduce poverty through the achievement of the MDGs and addressing global challenges, it is essential to build collaboration among various actors and effectively use their respective strengths and resources. The WBG is fully expected to display its convening power to make such a scenario a reality.

Third, the WBG is expected to enhance its results-oriented measures.

Developed countries are facing even more severe economic and fiscal situations, which makes it all the more important that the WBG approach development in a more effective and efficient manner. It is important for the WBG to improve the quality of the methods used to evaluate the results of projects and to better apply the lessons learned in the design and decision-making mechanisms of its development policies. In this field as well, the World Bank should accumulate expertise through trial and error, and play a leading role in the development community as a global knowledge bank.

3. Collaboration between the World Bank Group and Japan

To help the WBG fulfill the aforementioned expectations, Japan will proactively contribute and foster cooperation with the Group in the following manner:

(Strengthening maternal and child health by using cross-sectoral expertise)

To enhance measures undertaken in the fields of maternal and child health, where the progress in meeting targets set out in the MDGs has been delayed, it is necessary to foster links between medical facilities and local communities, develop medical-related human resources, enhance health systems through budgeting and planning based on data and evidence, and to strengthen cross-sectoral undertakings, such as those designed to improve infrastructure and public health.

The Harmonization for Health in Africa (HHA) project, which was undertaken under the leadership of the World Bank together with UN institutions, such as UNICEF, regional development banks, and aid organizations of various countries, provides the basis for ensuring cross-sectoral measures with regard to infrastructure, fiscal issues, governance, human resource development and pharmaceuticals, all in a greater effort to enhance health systems in African countries. This project proved to be a fine example of the World Bank displaying its great strengths. This September, Japan International Cooperation Agency (JICA) joined the HHA project as an official member and will contribute to its activities by utilizing its expertise in developing medical human resources and supporting budgeting and planning based on evidence. In the process, fostering cooperation both in the field and at governmental levels is important.

(Protecting global public goods - ecosystems - by using convening power)

Conserving ecosystems and ecosystem services plays a significant role in ensuring sustainable development. Poor people in developing countries, living on subsistence agriculture, livestock farming, fishing, and the simple use of forest resources are the most vulnerable to direct damages on economic activities which the loss of ecosystems may cause.

In two weeks' time, the 10th "Conference of the Parties to the Convention on Biological Diversity" (COP10) will be held in Nagoya. To prevent further loss of biodiversity, we expect that participating countries will cooperate fully in order to reach an agreement in Nagoya on the post-2010 biodiversity targets.

As one of the factors contributing to ongoing loss of biodiversity, it has been pointed out that economic and development policies have been designed without sufficient recognition of the importance of ecosystems and ecosystem services. To deal with this issue, it is important to evaluate the value of ecosystems from multi-faceted viewpoints, including economic consideration. The World Bank possesses many comparative advantages in terms of forming partnerships and covering existing knowledge on such evaluation. The Bank has daily contact with government agencies engaged in economic and infrastructural issues and has wide networks encompassing national governments, related international organizations, and NGOs. Thus, Japan believes that the Bank is the most capable of helping countries incorporate existing knowledge on evaluation of ecosystem values in their respective decision-making processes. We expect the World Bank to exercise its convening power to the fullest and play a leading role in this field.

Japan will cooperate with the World Bank in providing assistance to an initiative for scaling up the assessment of the value of ecosystems, which a few developing countries have already begun at local or project level, to the national-level undertaking. Japan itself will begin such undertakings domestically.

(Strengthening results orientation)

The WBG has been pursuing a results-oriented approach for more than 10 years, but it seems necessary for the Group to review whether such efforts contribute to achieve goals of allocating limited resources preferentially into projects with proven effectiveness, as well as demonstrating accountability to taxpayers with regard to the effective use of funds.

In this regard, it is important for the WBG to further improve the quality of the impact evaluation now being produced for many projects and to utilize the results gathered from such evaluations in designing projects and formulating Country Assistance Strategy (CAS). Japan will support the synthetic impact evaluation by the Independent Evaluation Group of the WBG and contribute to the accumulation of global knowledge in the Bank in this field.

4. Toward IDA-16 Replenishment

Replenishment for the International Development Association (IDA), which has been carried out every three years, will be for the 16th time this year.

It is critical for us to ensure sound financial base for the IDA, as the IDA provides a variety of assistance, including not only infrastructure financing but also support in education and health fields that have a direct impact on the poor and in enhancing governments' policy implementation capacities. Japan regards its contribution to the IDA as one of the most important and effective means to achieve the common goal of the international community, namely to reduce global poverty. That is why Japan has been making substantial contributions to a series of IDA replenishments since the foundation of the Association.

About 45 years ago, in 1964, the Olympic Games was held for the first time in Asia in Tokyo. The Tokaido Shinkansen bullet train service started just 10 days before the opening of the Games, thanks to financing from the World Bank. Despite that Japan, together with India, was the largest borrowers of the World Bank at that time, Japan made a significant contribution in the first IDA replenishment undertaken the following year, accounting for 5.1% of the total size of the replenishment,—which was ranked at the seventh largest following contributions by developed countries of Europe and North America.

In today's world, there are emerging countries that can successfully host the Olympic Games or the World Cup. In order to ensure necessary and sufficient resources for the IDA-16 replenishment, it should

be important that such countries make appropriate contributions according to their increased economic weight in the world that has enabled them to host world-class events as well as to increase their voting power in the voice reform of the Bank. It should be also important to ensure appropriate contributions to the IDA 16 by such countries that managed to maintain their voting power in the voice reform by promising to make contributions to the future IDA replenishment.

5. Collaboration between the World Bank Group and Japan at Field Level

Japan established the Japan Social Development Fund (JSDF) in June 2000 with a view to supporting poor people who were seriously affected by the Asian currency crisis. For over a decade since then, we have been providing support in grant to the most vulnerable people around the world by taking direct and innovative approaches, thereby supplementing assistance extended by the WBG to the governments and private sectors of developing countries. In the aftermath of the recent financial crisis, Japan also launched the JSDF-Emergency Window in April 2009 to mitigate the impact of the crisis on vulnerable groups, and has continued to provide support totaling 200 million dollars from the window over three years to 2011.

The scale of projects funded by the JSDF is not necessarily large, but these projects have been producing impactful results in the field.

For instance, in Indonesia, efforts have been directed towards helping mothers and children, who lost their husbands and fathers, in the Aceh conflict, lift themselves out of the spiral of poverty. We have been providing them with microcredit, literacy education, and training for running small businesses. We are also supporting the activities of an NGO that encourage widows to participate in the decision-making processes of their local communities with regard to the implementation of projects there. Since the launch of the project in July 2004, about 15,000 widows have received training. As a result, the income of women participating in the project has increased by 10 - 20 percent, and dependence on loan sharks has accordingly decreased. In total, about 80,000 family members have benefitted through this project.

These results were achieved through collaboration which was made among a variety of actors, from local peoples' viewpoints, and beyond the existing sectoral boundaries, with a view to promoting the protection and empowerment of individuals and communities.

Japan's assistance through the JSDF has steadily helped people obtain freedom from "fear" and "want" caused by the financial crisis, conflicts, infectious diseases, and threats imposed by climate change. It has also assisted people in creating a society where individuals can let their potential flourish. I believe that such assistance indeed embodies the concept of Human Security.

6. Conclusion

The world is still in the midst of uncertainty, and the international community is facing a range of challenges in helping developing countries reduce poverty and achieve sustainable development. In order to overcome these obstacles, Japan will continue to give its utmost support to the undertakings of the WBG with full confidence in, and sincere respect for, the institution and President Zoellick