



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)



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Statement by

Mr. Mitsuhiro Furusawa
Vice Minister of Finance, International Affairs
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1. IDA 17th Replenishment

It is great pleasure for us to express our congratulations on the successful IDA 17th replenishment (IDA-17).

We are very pleased that IDA received the largest level of contributions ever, even at a time when many donors are facing severe fiscal constraints and limited capability to provide financial assistance. This clearly demonstrates the success of the new loan contribution scheme, through the wisdom gained by donor countries and the World Bank's secretariat in order to secure the amount of funds necessary for assisting developing countries. This record level of support also underscores IDA's leading role in supporting sustainable growth and poverty reduction in developing countries. We put emphasis on the IDA's role of providing valuable development expertise, as well as on the effect that loan programs from IDA to its client countries urge them to pursue sound and responsible macro-economic policy that enables them to pay back their debts in a timely manner. The experience of Japan, which used to be a borrower from the World Bank, must be a good example of the effect.

Japan announces that it would contribute about 312.0 billion yen in the form of subscription and about 194.0 billion yen in the form of a concessional loan to the IDA. These contributions reflect our appreciation of the fact that the strategic focus of IDA-17 is now consistent with ours. For example, the IDA made decisions to enhance its assistance in the field of healthcare in order to realize inclusive growth; to include disaster risk management (DRM), together with climate change, among the priority assistance areas based on the increasing international awareness of the importance of DRM in development agenda; and to strengthen measures to reduce poverty in Asian countries such as Myanmar, which re-joined the international community only recently, and India, where a large number of people live in extreme poverty despite a rise in the average income level. We are pleased to report to you today that a related bill necessary for Japan to provide an additional subscription to the IDA was approved by the Diet on March 28th.

2. Japan's Support for Developing Countries

Japan, which used to be one of the largest borrowers from the World Bank, has achieved significant economic development and is now a major donor country as the second largest shareholder of the bank. We believe that the development and growth of the private sector is important for developing countries to achieve sustainable economic growth and reduce poverty in light of their own experiences and those of East Asian countries. For this reason, Japan has placed emphasis on support for infrastructure development, which forms the foundation for the above, the formulation of development policies, and technical assistance for human resource development. In addition, Japan has recently been also placing emphasis on assistance in such fields as disaster risk management, global environmental issues, and

healthcare, as it pays attention to factors that could impede inclusive and sustainable growth. The World Bank has also integrated such idea into its strategies, so Japan will deepen its cooperative relationship with the World Bank in terms of policy as well as finance.

(1) Disaster Risk Management (DRM)

Large-scale natural disasters, once they occur, take a heavy toll on the lives of people. They also lead to annihilating years-worth of development efforts in an instant. In particular, poor and socially vulnerable people are likely to be affected most. If the disaster response capability is lacking, inequality may grow. Therefore, it is important for each country to incorporate DRM into its development agenda and to appropriately implement development plans reflecting the need to prepare for natural disasters. As a country well-experienced in responding to various disasters, we believe that we have a responsibility to promote global cooperation in the field of DRM and we are working with the World Bank to promote the mainstreaming of DRM in development policy.

We welcome the World Bank's inclusion of a progress report on mainstreaming DRM as one of the Development Committee's background papers. We are also pleased that in-depth discussions have been held on the achievements of the Annual Meeting in Tokyo and the Sendai Dialogue in 2012, and that practical measures are being implemented under the framework of the Sendai Report. As mentioned above, DRM is included in the special themes of IDA-17. We urge the World Bank to appropriately position DRM under the newly introduced Systematic Country Diagnostic (SCD) and the Country Partnership Framework (CPF).

In February, Japan and the World Bank started a new joint program for mainstreaming DRM. Japan will expand technical assistance for disaster risk management suited to developing countries' needs and will support the formulation of development plans reflecting the need to prepare for natural disasters. We urge the World Bank to make effective use of the World Bank DRM Hub based in Tokyo in implementing projects on this important issue. We also urge the further promotion of DRM assistance in developing countries, including opportunities for disseminating Japan's technology and expertise.

(2) Global Environmental Issues

Global environment issues pose the serious risk of impeding sustainable economic growth in developing countries and are some of the most pressing challenges facing humanity. Japan has been supporting international efforts to preserve the global environment, including those to address climate change. In particular, Japan has highly valued the role of the Global Environment Facility (GEF), which has been engaging in a broad range of activities through innovative approaches for more than 20 years. The importance of tackling climate change, among other issues, has been recognized increasingly more keenly at many occasions, including the 38th session of the Intergovernmental Panel on Climate Change (IPCC) held in March in Yokohama, Japan. Since the new financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) has yet to be operationalized, Japan is of the view that it should make a realistic choice and concentrate its contribution on the GEF, which is the only active financial mechanism at the moment. In addition, the role of the GEF will further expand because of new tasks, such as mercury management under the Minamata convention adopted in Kumamoto, Japan, in 2013, and measures for biodiversity conservation and restoration in line with the Aichi Biodiversity Target adopted in 2010. It is critical, therefore, that the GEF secures sufficient resources at its sixth replenishment currently negotiated under the leadership of CEO Ishii. Japan, having taken the lead in these international initiatives, intends to make a significantly increased contribution to the GEF. In order for the GEF to be able to capitalize its strength and bring about benefits with material impact on the global environment, Japan expects all donors to follow suit and make sufficient contributions to the GEF.

(3) Healthcare

Healthcare serves not only to protect people's health and lives but also to build the foundation for economic and social development. The state of global health is changing significantly. In addition to the necessity to cope with aging populations, there are various health needs, including the need to address non-communicable diseases such as high blood pressure, diabetes and cancer. As a result, the importance of universal health coverage (UHC), whereby all people can receive healthcare services at an affordable cost when needed is being increasingly recognized. Japan achieved Universal Health Coverage in 1961. Since then, Japan's healthcare system has evolved to become fairer while containing costs. To the present, we have achieved the longest life expectancy in the world and an outstanding level of healthcare. Today, Japan faces new challenges. Healthcare costs are growing due to a rapidly aging population and the rising costs of medical technology. To improve the sustainability of the healthcare system, Japan is currently considering several reform measures to rationalize and streamline medical services. To share lessons from our experiences, Japan and the World Bank conducted a two-year study called the "Japan-World Bank Partnership Program on Universal Health Coverage." As the culmination of the joint study, in December 2013, a ministerial conference named "Global Conference on Universal Health Coverage" was held in Tokyo to share challenges and experiences in the Universal Health Coverage among countries and to disseminate Japan's experience and knowledge. The conference brought together country delegations including health ministers from Ghana, Myanmar, Senegal and Vietnam, representatives of multilateral organizations, academic experts, and representatives of civil society organizations, for discussions on achieving inclusive and sustainable growth through UHC.

To expand Japanese healthcare systems and services through the promotion of UHC, since last year, Japan has concluded Memorandums of Cooperation in the field of healthcare with Bahrain, Turkmenistan, Cambodia, Laos, Myanmar, Turkey and Vietnam. Japan will continue to promote cooperation in the healthcare sector in partnership with the World Bank.

3. Expectations for the World Bank Group (WBG)

On the theme of this Development Committee, "Growth in the Post-Crisis Global Economy: Policy Challenges for Developing Countries," we would like to present what we expect the WBG to implement.

First, we urge the WBG to contribute to the discussion of the post-2015 development agenda so that managing risks for sustainable development will be appropriately positioned in Post-Millennium Development Goals (Post-MDGs). The Post-MDGs, on which inter-governmental negotiations will start in September this year, will have a significant impact on how to address critical challenges related to international cooperation for assistance for developing countries amid the increasingly complex international circumstances in the post-crisis global economy. The risks that could impede sustainable growth, including natural disasters, global environmental issues and the increasingly diverse health-related needs, are difficult to deal with through the market mechanism and public mechanism of developing countries themselves, so they should be addressed under the framework of international public assistance. We would like to request the WBG to cooperate with development partners, including Japan, to contribute to the discussions on Post-MDGs in order to reflect such ideas.

Second, in order to achieve the two strategic goals set to resolve global development challenges, ending extreme poverty and boosting shared prosperity, it is necessary to accelerate the pace of economic growth especially in South Asia and sub-Saharan Africa, where a particularly large number of people live in extreme poverty. As indicated in the discussions held at the Fifth Tokyo International Conference on African Development (TICAD V) in Yokohama in June last year, the key is growth in the private sector, which will be the engine of development. We would like to request the WBG as a whole to provide stronger support than ever before so as to make sure that economic growth led by the private sector takes

root by taking advantage of the strengths that the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) have developed to exercise the function of a catalyst for effective use of private funds for development.

Third, we urge the WBG to communicate more with donors. At a time when developed countries continue to face a severe fiscal situation, it is increasingly difficult to secure sufficient assistance funds to meet the growing needs. In this situation, we would like to request the WBG to verify the use of funds and the achievements of projects and further strengthen efforts to fulfill the duty of accountability to donor countries. During the process of the recent negotiations for the IDA-17, President Kim visited our Diet, Japan's parliament, explained the significance and effects of the WBG's operations, including those of the IDA, and exchanged opinions with Diet members. I hope that the WBG will continue to attach importance to dialogue not only with the governments of donor countries but also with parliaments and civic societies. We would also like to request the WBG to explain the need for a new replenishment, the significance of support provided through the WBG, and the effects of the support in a way easier to understand for taxpayers in donor countries. It is desirable to conduct public relations not only in English but also in various other languages, including Japanese.

4. Closing Remarks

Currently, the WBG is carrying out bold reorganization under the leadership of President Kim in order to become a "Solutions Bank" that implements support programs focusing on resolving development issues. The World Bank will make a fresh start with a new organization in July. We hope that the WBG will appropriately deal with diverse risks related to development in the increasingly complex global economic and social situations and that it will steadily implement policies toward sustainable economic growth and poverty reduction and achieve significant results.

Finally, for the WBG to achieve better development effects, it is necessary to promote reorganization and diversification of personnel at the same time. Specifically, the World Bank should actively employ staff members from non-English-speaking countries while acknowledging the language disadvantages that such staff members may face, expand the opportunities for employees of private companies to work for international organizations on loan, and employ professional lawyers and other qualified legal professionals, and specialists in the social sciences as well as in the natural sciences. For its part, in order to create a better world, Japan will contribute to the World Bank not only in terms of finance and policy but also in terms of human resources so that its contributions will be commensurate with its ratio of capital contribution to the WBG.