



**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-SIXTH MEETING**  
**WASHINGTON, D.C. – OCTOBER 14, 2017**

DC/S/2017-0052  
October 14, 2017

**Statement by**  
**Masatsugu Asakawa**  
**Vice Minister of Finance for International Affairs**  
**Japan**

**Statement by**  
**Masatsugu Asakawa**  
**Vice Minister of Finance for International Affairs**

**Japan**

**96<sup>th</sup> Meeting of the Development Committee**

**October 14, 2017**  
**Washington, D.C.**

**1. Introduction**

First of all, we would like to express our deepest condolence to those who lost loved ones and sympathies to those who were severely affected by Hurricanes Harvey, Irma and Maria in the United States and the Caribbean countries and catastrophic earthquakes in Mexico.

Japan strongly condemns the attacks against the Myanmar security forces and others in northern areas of Rakhine State. We are seriously concerned about the aggravating human right and humanitarian situation there, including forced displacement resulting in four hundred thousand refugees. We will support the Myanmar government's efforts to implement the measures to restore peace and stability, as recommended in the Final Report of the Advisory Commission on Rakhine State led by Former United Nations Secretary General Dr. Kofi Annan. Japan supports the WBG to reallocate resources within its existing portfolios to Myanmar to formulate emergency assistance for humanitarian and development assistance, and looks forward to the WBG's enhanced engagement with Myanmar, an FCV county, to foster its inclusive growth.

**2. WBG's Policy Agenda**

**(1) Maximizing Finance for Development (MFD)**

The international community now needs to mobilize trillions of dollars to support developing countries to achieve the Sustainable Development Goals (SDGs) by 2030. However, public sector finance alone cannot meet such substantial financing needs. Maximizing financing for development through private finance mobilization is a key. Japan welcomes the "Principles of MDB's Strategy for Crowding-in Private Sector Finance for Growth and Sustainable Development" and the "Joint MDB Statement of Ambitions for Crowding in Private Finance" endorsed by the G20 Hamburg Summit. We also welcome the WBG's report "Maximizing Finance for Development (MFD): Leveraging the Private Sector for Growth and Sustainable Development" which lays out practical approaches to mobilize private sector finance. The WBG has already been successful in mobilizing private finance; notable examples include the MIGA's health care project in Turkey and the establishment of the Private Sector Window under the IDA 18. To further promote private finance mobilization, the WBG should support institutional and legislative reforms in recipient countries for an investor-friendly environment, help develop bankable projects and financial schemes, and improve incentives for both the WBG staff and the recipient countries to further motivate them for mobilizing private finance. We encourage the WBG to carry out wide-ranging measures in the MFD report. In doing so, we bring your attention to the importance of ownership of recipient countries, which is imperative for successful private finance mobilization.

## **(2) Universal Health Coverage (UHC)**

To materialize a society in which no one will be left behind, as pledged under the SDGs, global health plays a critical role, particularly through strengthening preparedness for and response to public health crises, and promoting universal health coverage (UHC) which also helps address such crises.

For enhancing crisis response, Japan, together with the WBG and other partner countries, has led the global effort to establish the Pandemic Emergency Financing Facility (PEF), an innovative mechanism that swiftly provides financial support in case of health emergencies, with its own 50 million US dollar contribution. We are pleased that the PEF became fully operationalized in June 2017. We encourage additional financial contributions to the PEF by other donors.

In order to promote UHC, it is indispensable that all stakeholders, including the WBG, the United Nations (UN), the World Health Organization (WHO) and other IOs, strengthen their global leadership jointly through closer cooperation, and implement collaborative work at a country level by building platforms to promote UHC in countries concerned. To accelerate the momentum, Japan, together with the WBG, the WHO and other key organizations, will host “UHC Forum 2017” in Tokyo in the coming December. In addition, Japan and the WBG have been making progress in establishing model of such collaboration cases through supporting pilot countries under the Japan-World Bank Joint UHC Initiative agreed upon in January this year.

## **(3) Disaster Risk Management / Crisis Risk Management**

As mentioned earlier, the world is facing increasing risks of catastrophic phenomena including devastating hurricanes and frequent, massive earthquakes. Protecting societies and people of the developing partners from severe natural disasters is our priority. We encourage the WBG to continue to effectively harness its diverse set of tools for crisis prevention and response through the Global Crisis Response Platform (GCRP), and step up their support to the next level.

In collaboration with the DRM Hub and the Development Learning Center of the WBG in Tokyo, Japan has been actively engaged in the City Partnership Program to share with developing countries its extensive knowledge and expertise in urban development. Leveraging our good practices in environmentally friendly urban development and lessons learned from the earthquakes, Japan will continue to assist developing countries in building resilient and sustainable cities.

## **(4) Quality Infrastructure Investment**

Quality infrastructure investment is a crucial foundation for achieving inclusive economic growth in developing countries. Japan has been advocating the need for economic efficiency in terms of life-cycle cost, safety, resilience against natural disasters, social and environmental standards, human resource development, and transfer of expertise and know-how. These principles are now well-received among many development initiatives, which Japan highly welcomes. The Quality Infrastructure Investment Trust Fund that Japan established in the bank has so far provided 10 grant supports amounting to 3.8 million US dollars (as of September 2017), which has enabled high-quality WBG projects totaling 2.3 billion US dollars, including a project in Bangladesh to develop transportation infrastructure that is friendly to the disabled and the elderly. Japan highly appreciates the WBG’s adoption of the new procurement framework which takes into account “quality” aspect of projects. We look to the procurement framework being applied to all relevant projects going forward.

## **(5) Human Capital (Education, Gender)**

Quality education provides an important basis for building the world with peace and stability and promoting economic growth and science technology development. Japan welcomes that this year's World Development Report discusses the significance of education in development efforts. Schooling is not the same as learning—we fully share this key message of the Report. Every single child should be provided with an opportunity of schooling. However, that is not the end of the story. We should make sure that schooling actually leads to true learning. We expect that the WBG continues to engage actively in education support in this regard. Japan has been employing a consistent and comprehensive approach in extending support for education in developing countries, where our assistance addresses all the key issues in the education sector from policy to on-site level, including formulating educational policy, strengthening enabling environments, improving school management, and developing human resources. We are willing to share our experiences with other development partners including the WBG.

We welcome the launch of Women Entrepreneurs Finance Initiative (We-Fi) at the G20 Hamburg Summit, to which donors have pledged over 325 million US dollars including Japan for 50 million US dollars. Japan is committed to building a society in which all women shine, and We-Fi is an important vehicle to facilitate economic inclusion of women in developing countries. Japan will host the World Assembly for Women (WAW!) in Tokyo in November this year, where participants will actively discuss ideas to further empower women and promote their social and economic participation.

## **3. WBG's Governance and Financial Capacity**

In order to deliver on the wide-ranging development agenda, the WBG needs a significant amount of financial resources. The IBRD and the IFC are leveraging their capital provided by member governments to mobilize private funds from the markets, by which they are able to provide large scale financial support. For such leveraging to fully function, sound capital base on the IBRD and the IFC play central role. Japan has been supporting necessary capital enhancement efforts in both institutions.

For the past 70 years, major shareholders including Japan have placed high expectation on the WBG's core role in multilateral collaboration for development assistance, and made significant contributions to strengthening its financial base, particularly through IDA replenishments. The WBG deserves to be supported by these shareholders who appreciate the importance of financial support to the WBG, as a global public good. In realigning voting power, which is the fundamental shareholders' right in the WBG's governance, these responsible shareholders' contributions to the IDA should be appropriately recognized and fully reflected in their voice. We welcome an increase in voting power of developing and transition countries (DTCs), reflecting their weight in the world economy, under an on-going shareholding realignment exercise. Here we would like to stress that shareholding realignment should be done gradually, reflecting historical contributions to the IDA, which we believe is the way the WBG's governance should be.

To address global challenges including crowding-in private finance and endeavors for SDGs, the WBG should have a sufficient financial capacity. The WBG's own effort to undertake internal measures, including ones for balance sheet optimization, is the first step. Japan welcomes progress to date of such self-help and encourages further efforts on this front. When we are presented a strong case for capital increase with sufficient internal measures, Japan is ready to support. Another important prerequisite for successful capital increase for the IBRD and the IFC is that they will be agreed under a new governance structure after appropriate shareholding realignments.

Japan strongly hopes that the on-going discussions on the shareholding review will be concluded with an agreement that embraces gradual realignment in voting power, which brings well-balanced increase in the

voice of the DTCs with appropriate considerations for the under-represented. If this is the case for both the IBRD and the IFC once again, Japan stands ready to support necessary general capital increases for them. Maintaining strong capital bases for the IBRD and the IFC and building appropriate governance structures for both institutions should be agreed in one single package to ensure all will be in place together. In this respect, Japan reiterates the importance of the “2 by 2” approach. Japan also notes that with increased capital, the IBRD should focus its assistance for Upper Middle Income Countries (UMICs), on providing Global Public Goods (GPGs) such as addressing climate change and environmental challenges since private finance mobilization would help on efficient public resource allocation and thus be more promising in UMICs.

#### **4. Closing**

Japan has high expectation that the WBG, as the center of the multilateral development architecture, remains as the most innovative, efficient and trusted institution that provides GPGs. For the WBG to continue engaging actively such areas as global health, crisis preparedness and response, and quality infrastructure, Japan is fully committed further strengthening its partnership with the WBG and to supporting them on financial, policy, and human resources.