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on the
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Statement by

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Introduction

Forced displacement is one of the biggest challenges the world faces today. By the end of 2015, about 20 million refugees existed worldwide, and most of them were forcibly displaced from their home countries to the neighboring countries. International community is drawing wisdom and strengthening cooperation to resolve the issue. We must tackle from both short- and long-term perspectives since forced displacement is triggered by complex factors such as conflict and political instability. Forced displacement not only makes refugees mentally and physically vulnerable but also imposes severe fiscal, political and social burdens on the neighboring countries accepting them. International community must consider the impact of forced displacement on development to secure stability and prevent another crisis from happening.

In the past two years, international community has responded to crises including conflicts in the Middle East, the Ebola outbreak in West Africa, the earthquake in Nepal, and the hurricanes that struck Pacific island nations. In order to enable the developing countries to cope with these crises, Japan calls for the World Bank Group (WBG) to contribute to strengthening a comprehensive risk management system, which incorporates a rapid crisis response mechanism, and measures for preparedness and prevention in peacetime, in order for the developing countries to appropriately tackle these crises.

Furthermore, it is important for the developing countries to achieve inclusive, sustainable, and resilient growth amid volatile global economy. Since quality infrastructure investment, which takes into account life-cycle cost, resilience against natural disasters, and transfer of know-how, is beneficial for the developing countries, the WBG needs to promote quality infrastructure in cooperation with other development partners.

The role of the WBG and contribution of Japan on the forced displacement

International community faces an enormous challenge of the forced displacement in Syria, and Japan commends the role played by the WBG as a development institution to address the issue. Japan expects the WBG to contribute to medium- and long-term development assistance in cooperation with United Nations organizations which mainly engage in emergency humanitarian assistance.

Forced displacement should be addressed not only from the aspect of short-term ex-post response but also from that of preparedness and prevention. Japan supports the approach of the WBG to explore a comprehensive solution to the refugee issues including income inequality and unemployment, by strengthening assistance to mitigate vulnerabilities based on each Country Partnership Framework (CPF). In addition, human resource development of the refugees is important in order for them to contribute to rebuilding their home countries once they are able to return back. Japan expects the WBG to deliver results

through not only improvement of living environment but also education, vocational training, and employment assistance for refugees, including women and youth.

Japan appreciates the WBG for leading the effort in developing the “New Financing Initiative to Support the Middle East and North Africa (MENA) Region” to provide support for the host countries of refugees such as Lebanon and Jordan. Japan will, over the next five years, contribute 50 million US dollars in grants and stand ready to provide a concessional loan of up to 100 billion yen, which is equivalent to around 900 million US dollars, as a contribution to the Concessional Financing Facility. Japan expects the WBG to achieve significant results by bringing together the wisdom of stakeholders and efficiently utilizing the resources.

Furthermore, as a joint assistance with the WBG, Japan will make 30 million US dollars contribution to the IFC Middle East and North Africa Fund, LP, in order to support job creation in the MENA region through Japan International Cooperation Agency (JICA) in cooperation with the Gulf countries.

Response, preparedness and prevention against natural disasters and pandemics

In addition to the refugee crisis, there are other major threats such as natural disasters and pandemics that undermine achievement of development goals. In order to tackle these challenges, a comprehensive risk management mechanism that combines crisis prevention, preparedness and response is necessary. Since prevention and preparedness contribute to quick restoration and recovery, and mitigate human and social losses in the event of a crisis, it is highly cost-effective and should be emphasized in all stages of economic development. It is also necessary for the developing countries to enhance crisis response mechanism which includes rapid detection and containment.

(1) Disaster risk management (DRM)

Due to the rapid urbanization of the developing countries and/or an increase in frequency and severity of natural disasters related to climate change, losses caused by natural disasters such as earthquakes, tsunamis, cyclones and floods are expected to grow. Most losses of human lives in natural disasters occur in low- and middle-income countries where DRM measures have not been well developed, and it can instantly take away their development achievements.

The Progress Report on mainstreaming disaster risk management, which the WBG submitted to the Development Committee, indicated an increase in financing contributing to DRM and the steady progress since 2012, when the importance of DRM on development was confirmed at the IMF-World Bank Annual Meetings in Tokyo. Mainstreaming of DRM has been enhanced through the fact that climate change and DRM has become one of the priority areas of IDA17, and that IDA has been required to consider risks from climate change and natural disasters when formulating CPF and new operations. Japan expects the WBG to enhance understanding on importance of ex-ante investment in DRM among staffs and the developing countries, and requests the WBG to update on the Progress Report on Mainstreaming DRM in every two years. Japan will continue its efforts to mainstream DRM through the “Japan-World Bank Program for Mainstreaming DRM in Developing Countries” in cooperation with the DRM Hub in Tokyo (Tokyo DRM Hub).

(2) Preparedness, prevention and response against pandemics

In order to prevent a tragedy like the Ebola outbreak in West Africa from happening again, international community needs to make efforts to strengthen both the response systems to public health emergency and the health systems in peacetime to achieve the universal health coverage (UHC). With respect to strengthening crisis response, Japan highly commends the WBG for

expanding the eligibility criteria for accessing the IDA's Crisis Response Window to include public health emergencies in addition to economic crises and natural disasters. As President Kim suggests, in light of the lessons from the Ebola outbreak, creating a system to rapidly and efficiently mobilize resources in the event of a pandemic is important to prevent damages from diffusing. The Pandemic Emergency Facility (PEF), which the WBG is currently in the process of finalizing towards the G7 Ise-Shima Summit, will realize this system by utilizing a private-sector insurance mechanism. Japan strongly supports the establishment of the PEF.

In addition to the strengthening of crisis response mechanism, international community needs to develop a financing mechanism that enhances preparedness and prevention against pandemics. The WBG, particularly IDA, needs to establish an incentive mechanism that strengthens health systems which ensure results to be achieved through the monitoring of clear benchmarks and by including pandemic preparedness and prevention in a priority area of CPF as in the case for natural disasters. Moreover, further effort in capacity building is necessary in order for the developing countries to understand how the policy should be formulated and implemented.

Foundation of inclusive, sustainable and resilient growth – enhancement of quality infrastructure investment and domestic resource mobilization

Crises facing developing countries are not limited to acute ones, such as conflicts, disasters and outbreaks of infectious diseases. For example, the current account and fiscal balances of low-income countries dependent on commodities such as oil are always vulnerable to the situation in international markets. In addition, many developing countries are suffering from a chronic infrastructure shortage that has become a serious bottleneck for the improvement of productivity and living standards. Japan urges the WBG to provide the most appropriate assistance from the medium- to long-term perspectives based on its comparative advantage and consideration on the situation of individual countries in cooperation with other development partners such as the IMF, other MDBs, JICA, and Japan Bank for International Cooperation (JBIC).

(1) Quality infrastructure investment

In order for the developing countries to mitigate various risks and achieve inclusive, sustainable and resilient growth, the WBG should promote quality infrastructure investment which takes into account life cycle cost, safety, resilience against natural disasters, social and environmental standards, and human resources development and transfer of know-how. It is important to remind the following two points to advance the quality infrastructure investment.

Firstly, it is important to support the developing countries to clearly understand what quality infrastructure investment is. Japan makes an effort in disseminating the concept of “quality infrastructure investment” using the occasion of international conferences in cooperation with the WBG. Also, Japan commends the new procurement framework of the World Bank which incorporates the concept of “Value for Money” as it provides specific incentives to the developing countries to consider the quality aspect on infrastructure investment. Japan encourages the World Bank to make further efforts in disseminating this new framework.

Secondly, it is essential to incorporate quality aspect into projects under preparation. In this context, Japan will jointly work with the WBG including the Tokyo DRM Hub, Tokyo Development Learning Center and Global Infrastructure Facility, and contribute to providing knowledge support to developing countries.

Furthermore, the initiative to promote quality infrastructure investment has been reflected in Japan's bilateral assistance policies. As measures of this initiative, Japan is further accelerating Japanese ODA Loans, and strengthening the functions of JBIC to further support overseas infrastructure development.

(2) Enhancement of domestic resource mobilization

It is indispensable for developing countries to mobilize their own domestic resources in order to continuously finance necessary investment for achieving sustainable development such as preparing for and responding to crises, steering the economy toward being less susceptible to external financial and economic situations, and developing quality infrastructure. In this regard, Japan encourages the WBG to contribute to the domestic resource mobilization of developing countries by supporting them to increase their tax revenue through strengthening the governance and capacity of their tax administration and by improving investment climates, especially through the activities of the IFC and MIGA. In order to achieve this goal, Japan encourages the WBG to deepen its cooperation with the IMF, the OECD, the United Nations and other organizations by utilizing each institution's comparative advantage and to swiftly establish and effectively operate the tax platform which will serve as a framework for dialogue.

Closing remarks

Japan, as the G7 presidency, will continue to provide financial, human, and policy contribution to the WBG, and also devote to strengthen the unity of international community for the enhancement of resilience against a wide variety of crises and realize sustainable and inclusive growth for the developing countries.

Lastly, IDA concessional financing is crucial for the WBG to tackle crises including refugee issues, pandemics and natural disasters, and the greatest responsibility and roles of shareholders is to make consistent contributions to IDA replenishment in every three years. While Japan will continue to contribute to the discussion towards the successful IDA18 Replenishment, we emphasize the importance to provide strong incentives not only for the new donors but also for the traditional donors to contribute to IDA in order to strengthen financial capacity of the WBG in the future.