

**Japan's Statement at the 106th Meeting of the Development Committee  
(Joint Ministerial Committee of  
the Boards of Governors of the Bank and the Fund)  
(Washington, DC — October 14, 2022)**

## **1. Introduction**

Russia's aggression against Ukraine is a unilateral attempt to change the status quo by force and a blatant violation of international law that undermines the foundations of international order. The purported "annexation" of four regions by Russia at the end of September infringe upon Ukraine's sovereignty and territorial integrity, constitute a violation of international law, and shall never be recognized. Moreover, atrocities against civilians are breaches of international humanitarian law and war crimes. Maintaining peace is indispensable for international economic and social cooperation, including assistance for developing countries. Japan strongly condemns Russia's acts that are violating peace and are absolutely intolerable.

Prior to my statement, I would like to express my deep appreciation for the condolences expressed by many countries to the tragic passing of Former Prime Minister ABE Shinzo, and their participation in the state funeral held the other day in Tokyo.

The global economy had been on the path to recover from the devastating impacts of the COVID-19 pandemic. However, Russia's continued aggression against Ukraine and tightening financial conditions along with global inflation have hampered economic recovery, making the situation even more difficult and complicated.

Developing countries have been disproportionately affected by the worsening situation of the global economy. In face of compounding crises, the

World Bank Group (WBG) and other International Financial Institutions (IFIs) have been gaining more importance. Development assistance, which tends to be fragmented if conducted individually, can be more effective through coordination and cooperation. The World Bank Group's role, as the premier forum that can enable coordination and collaboration in providing integral development support, is becoming more critical. All countries, together with the WBG, should work closely and collectively, share their knowledge and experiences, and tackle development challenges.

Last month, Japan and the WBG co-hosted the launch of the twentieth replenishment of the International Development Association (IDA20) in Tokyo, which was attended by representatives from many countries across the world. We thank all participants who contributed to the fruitful discussions on critical development issues such as global health and debt issues. Japan expects that the WBG will steadily put in place the commitments of IDA20.

## **2. Support to Ukraine**

Russia's invasion has been causing devastating damage to Ukraine.

In order for the international community to work together to support Ukraine's recovery and reconstruction, the WBG can take the lead in creating a framework that brings together countries to provide support effectively and efficiently.

In this regard, Japan commends the WBG for not only providing emergency support but also conducting a needs assessment with a view to medium- to long-term reconstruction. We also welcome the establishment of the Ukraine Relief, Recovery and Reconstruction Trust Fund (URTF). Japan plans to contribute to the URTF at the earliest phase. As the financing needs in the reconstruction phase will likely increase even more significantly, Japan expects the WBG to craft measures to provide the International Bank for Reconstruction

and Development (IBRD) with additional capacity for financial support to Ukraine, while taking into account the domestic legal framework of donor countries.

In order to address the financial needs, it is also essential to mobilize private capital in addition to donor funds. In this context, the role of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) is also important in the reconstruction phase of Ukraine. Japan supports MIGA's initiative to support Ukraine, and plans to contribute once a new fund will be established.

### **3. Response to global issues**

The COVID-19 pandemic has reminded us of the importance of strengthening health systems. It has also caused a reversal of development gains in the past, such as through learning loss. In addition, food and energy price hikes due to Russia's aggression against Ukraine is affecting the lives of people all over the world, while at the same time existing crises such as climate change and debt issues have also become even more severe. All of these are issues that cannot be solved by individual countries alone. Therefore, the WBG and other IFIs should take the lead to tackle these issues together with donor countries. To deal with these multiple crises, let me enumerate the priorities Japan places particular importance on, and our expectations for the WBG:

#### **(1) Global health**

The COVID-19 pandemic will not be the last global health crisis. In order to minimize the impact of the next crisis, Japan expects the WBG to take a leadership in the global health field, including strengthening preparedness in peacetime.

To establish more resilient and sustainable global health systems toward

strengthening prevention, preparedness, and response to future pandemics, there are three important points: (i) filling the financing gaps, (ii) further enhancement of collaboration between financial and health officials, and (iii) stepping up the response to a health crisis.

First, Japan appreciates the WBG's leadership on the Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response (PPR FIF), a new financing mechanism launched last month. Going forward, Japan expects the PPR FIF will receive support from donors more broadly and effectively fill the remaining gaps in the global health systems while creating synergetic effects with existing mechanisms such as the IDA. In recognition of the importance of the PPR FIF, Japan will contribute \$ 50 million in total, including \$10 million that has already been announced.

Next, toward further enhancement of collaboration between financial and health officials, Japan supports the establishment of a Forum for health and finance coordination, which has been discussed at the G20. Japan expects the WBG to play a central and leading role by making the most of its abundant knowledge in the finance and development fields.

In addition to such initiatives in peacetimes, it is critical to create a rapidly scalable surge finance mechanism in case a global health crisis occurs. Japan will continue discussions with the WBG in various fora including next year's G7 and G20.

Through these initiatives, Japan expects that strengthened health systems, including promotion of Universal Health Coverage (UHC) that Japan has long been advocating, will be achieved. Japan has already been contributing through the Health Emergency Preparedness and Response Trust Fund (HEPRTF) and the Policy and Human Resources Development Fund (PHRD) UHC Window. In order to further bring forward UHC in developing countries, Japan will make an additional contribution of \$10 million to the UHC Window,

and intend to make further contributions to the HEPRTF.

## **(2) Education**

Education is, along with health, the foundation of human development, or human capital development. Timely and tailored approach should be taken in accordance with the circumstances of each country, so that the loss of learning opportunities, which was accelerated by the COVID-19 pandemic, would not remain as a lingering scar in developing countries.

Meanwhile, the learning losses have adverse effects on various development issues such as employment and gender inequality. To solve these problems, not just education but a multi-faceted approach is needed. As the problems are interlinked with one another, expectations to the WBG is high since it has abundant knowledge and experiences in a wide range of development issues.

In particular, utilization of digital technology in education sector has a great potential. Japan expects the WBG to demonstrate leadership in this field, such as actively showcasing new models.

## **(3) Energy and food**

While poverty has increased due to COVID-19, the price hikes of energy, fertilizers, and food caused by Russia's invasion of Ukraine and associated supply chain disruptions are particularly hitting vulnerable people in society. As this causes reversal of our path toward the WBG's goal of "ending extreme poverty", Japan highly commends the WBG's prompt response and proposal that places importance on not only short-term measures, but also medium- to long-term development effects at this Development Committee.

In view of realizing medium- to long-term development effects, Japan will make a total contribution of \$20 million to the WBG, including to the IFC, and contribute to improving the food production capacity in developing countries in

the medium- to long-term, and strengthening supply chains.

#### **(4) Climate change issues**

In responding to climate change issues, each country needs to draw an ambitious and realistic transition path based on its circumstances, including the utilization of natural gas, which will be required when making the transition to clean energy, while striking the right balance with development. Japan expects the WBG's Country Climate and Development Reports (CCDRs) to play a key role in that process, and supports the WBG's target to roll out CCDRs in all WBG client countries over the next four years. Furthermore, as it is important to support emission reductions in clients including middle-income countries, Japan expects the WBG to provide comprehensive support so that each developing country can pursue initiatives of mitigation and adaptation based on its transition path.

In particular, while natural disasters have become more intense because of climate change, it is vulnerable and poor people who are affected most severely. Disaster prevention and more resilience to natural disasters in the context of adaptation are issues that should be dealt with urgently. Japan will maintain the concept of mainstreaming disaster prevention through the “Japan-World Bank Program for Mainstreaming Disaster Risk Management in Development Countries” and the “Global Facility for Disaster Reduction and Recovery (GFDRR)”. Furthermore, with regards to enhancing more resilience, the idea of quality infrastructure that Japan has been promoting is also important. Japan will continue to provide support for quality infrastructure through the “Quality Infrastructure Investment Partnership (QIIP)” and the “Southeast Asia Disaster Risk Insurance Facility (SEADRIF)” among other initiatives.

#### **(5) Debt issues**

In today's severe disruptions of the global economy, there is an increasing risk that debt becomes unsustainable in developing countries even further. Not

only low-income countries, where debt vulnerabilities have been already a matter of concern, but also some middle-income countries are facing serious debt issues.

For low-income countries, it is crucial for creditor committees swiftly implement a debt treatment under the Common Framework and thereby provide predictability. As for vulnerable middle-income countries, all creditors, including private creditors, and donors need to work in a coordinated manner to restore debt sustainability, on the premise of debtor countries' reform efforts. Japan welcomes the leadership of President Malpass in this regard.

Furthermore, it is critical to improve debt transparency and data accuracy in normal times in order to prevent future debt crises, and Japan highly commends the WBG's initiatives in this area. Japan requests the WBG, with its extensive expertise in debt issues, to further strengthen its work of analyzing debt transparency and building capacity of debtor countries.

In order to make such WBG's efforts effective and help developing countries improve debt transparency and data accuracy, it is important that creditor countries share their lending data with the IMF and World Bank. Japan initiated this work as the first mover and has contributed to overcoming data gaps. Japan expects that all creditor countries will follow suit and cooperate.

Lastly, to restore developing countries' debt sustainability and to realize stable economic growth, it is essential that creditor countries provide debt treatment. Multilateral Development Banks (MDBs), such as the WBG, should focus on providing new finance to developing countries instead of participating in debt relief. Together with the WBG, Japan will work further to encourage relevant countries' understanding about the importance of the MDBs' role.

#### **4. Concluding remarks**

While the world faces multiple crises, the WBG is a valuable entity that is able to provide support in terms of both finance and knowledge in various fields. In order for the WBG to address various development challenges, it is vital to make effective use of its balance sheets, while giving consideration to long-term financial soundness, based on recommendations under the Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks. Japan urges the WBG to swiftly discuss options and present the roadmap for its implementation in line with an agreed timeline. In the meantime, a future capital increase is not eligible for discussion. Additionally, it is extremely important to mobilize private capital, and Japan expects the WBG to play a major role in this space as well.

Japan expects that, under the leadership of President Malpass, the WBG will continue to undertake a central role toward resolving global issues under two major goals of “ending extreme poverty” and “promoting shared prosperity”, by bringing together the best knowledge and experience, in collaboration with the IMF and other MDBs.

Next year, Japan will take over the G7 presidency. Japan is committed to further provide active support across many fronts including finance, policies and human resources. We will also further develop our long-standing partnership with the WBG, other IFIs and all countries around the world, in order to address global development issues that are becoming even more challenging.

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