

**Japan's Statement at the 110th Meeting of the Development Committee (Joint  
Ministerial Committee of the Boards of Governors of the Bank and the Fund)  
(Washington, D.C. – October 25, 2024)**

## **1. Introduction**

Japan conveys its deepest condolences to the victims and their families severely affected by the recent natural disasters that have plagued the world, including floods and typhoons.

Even after the impact of the COVID-19 pandemic has receded, the world is facing geopolitical crises, such as Russia's aggression against Ukraine and the conflict in the Middle East, which have all exacerbated global challenges including rising income inequality, a debt crisis, and heightened fragility. At the same time, the importance of addressing the long-term development agenda including global health, climate change, and resilience to natural disasters, remain critical. Given the World Bank Group (WBG)'s instrumental role in tackling these challenges, Japan hereby states its expectations for the WBG and our contributions to the WBG in the following areas.

## **2. WBG Evolution**

Japan commends the efforts made by the WBG to aspire for a "better and bigger Bank," through bold initiatives such as the revision of its operating and financing models.

Regarding the operating model, Japan welcomes that the Crisis Preparedness and Response Toolkit was duly introduced and expects its widespread use, especially for the cases of fragile low-income countries (LICs). We also support the progress made on the Global Challenge Programs (GCPs) and the launch of the WBG Academy, which we expect will further promote the One WBG approach. Japan has contributed to knowledge sharing and capacity building for officials from developing countries through the Tokyo Development Learning Center (TDLC) and the Japan Policy and Human Resources Development Fund (PHRD). Building on these measures, we expect further progress to be made in the digital development area through the WBG's inaugural Digital Academy, to be held in Japan by the end of this year.

Regarding the financing model, continuation of the reforms in line with the recommendations of the Capital Adequacy Framework (CAF) review is the utmost priority. Japan appreciates the efforts made by the WBG to strengthen its financial capacity and soundness, including the introduction of restoration measures in times of stress. It is also essential to monitor the use of the additional financing capacity generated through already adopted measures, prior to discussing any further increases in financial capacity. We will continue to encourage voluntary donor contributions to

the Framework for Financial Incentives (FFI) including the Portfolio Guarantee Platform (PGP) and Livable Planet Fund (LPF), both of which Japan has committed its contribution. In addition, we call on the entire WBG including the IBRD and the IFC to consider ways to enhance the financing capacity of the International Development Association (IDA), given its critical importance.

Enhancing private capital mobilization is essential for developing countries achieving sustainable growth. From this perspective, we welcome the WBG's ambitious target, led by MIGA, to grow the WBG's annual guarantee issuances to at least \$20 billion, as well as the Warehouse-Enabled Securitization Program developed by the IFC. We also expect the IFC to strengthen its support for IDA countries and those in fragile and conflict-affected situations through its new vision, and MIGA to play a central role in the WBG Guarantee Platform by enhancing its human resources.

Strengthening domestic tax systems and tax institutional capacity, and thus improving domestic resource mobilization (DRM), is urgently needed for helping developing countries achieve self-sustained growth. We expect the WBG and the International Monetary Fund (IMF) to take the lead in upgrading the role of the Platform for Collaboration on Tax (PCT), which consists of related international organizations, and enhancing the effectiveness and efficiency of technical assistance by sharing each organization's tax-related strategies. Japan also encourages tax experts from member countries and non-state jurisdictions to undertake regular dialogues, together with the international organizations, for the purpose of identifying the challenges and needs for technical assistance.

### **3. Support for Ukraine**

We condemn again, in the strongest terms, Russia's illegal, unjustifiable, and unprovoked aggression against Ukraine that has continued for over two years and eight months. We call for an immediate end of this illegal aggression that has been a source of the uncertainties over the global economic outlook.

Despite the prolonged war, the international community must show solidarity and continue the provision of economic support to Ukraine. To lay the foundation for such support, Japan welcomes the completion of the IMF's fifth review under the Extended Fund Facility (EFF) this month and looks forward to the successful completion of the upcoming reviews.

In this context, Japan has been engaging with other partner countries to deliver the commitments of the G7 Leaders in the Apulia in June to launch Extraordinary Revenue Acceleration (ERA) loans for Ukraine, which will make available approximately \$50 billion to Ukraine by the end of the year. The loans are to be repaid by future flows of extraordinary revenues stemming from immobilized Russian sovereign assets.

Discussions in the G7 on the implementation of the ERA loans have progressed. Japan also welcomes the Board's recent approval of the establishment of a new Financial Intermediary Fund to support of Ukraine. Japan will work closely and discuss matters in a collaborative manner with other countries, for the purpose of enacting the ERA loans.

This year, Japan provided \$2 billion of credit enhancement to the International Bank for Reconstruction and Development (IBRD) loans as additional bilateral assistance. We welcome the progress of the very first project in this regard, which is education-related. We remain committed to supporting Ukraine's liquidity through the capitalization of interest payments. Japan will continue its support to Ukraine in collaboration with the WBG to meet Ukraine's urgent needs of budget financing and reconstruction.

#### **4. Responses to global and regional issues**

Let me elaborate on the priorities to which Japan attaches particular importance, as well as our expectations for the WBG in these policy areas.

##### (1) Global health

We need to remain steadfast in our efforts to strengthen prevention, preparedness, and response (PPR) for the next possible pandemic. Such efforts must go in tandem with enhancing policies to augment health systems and move towards universal health coverage (UHC), because a well-functioning health system lays a solid foundation for pandemic PPR.

Japan supports the WBG's goal of delivering quality, affordable health services to 1.5 billion people by 2030. The UHC Knowledge Hub, which is to be established in Tokyo next year, will serve as an international hub for achieving UHC to support capacity building of officials from finance and health ministries in developing countries, with a particular focus on health financing. As such, the Hub will be integral to the achievement of the above-mentioned goal. Japan is collaborating with the WBG and the World Health Organization (WHO), to expedite preparations. Furthermore, Japan has long promoted efforts to achieve UHC through the PHRD. We will make an additional contribution of \$6 million to Phase 4 of the UHC program, to help developing countries strengthen their policy responses to various challenges, such as the limited capacity on health financing, aging, and the impact of climate change on health.

The global fight against infectious diseases never ends. In response to the recent outbreak of Mpox, the Government of Japan is working to respond to a request from the Democratic Republic of the Congo for delivering approximately 3 million vaccine doses. Japan also supports the Pandemic Fund's prompt provision of support of

\$128.89 million to 10 countries for Mpox responses. We will continue to support the Fund so that it can continue to play a central role in strengthening PPR capacities of developing countries. From this perspective, Japan intends to make an additional contribution of \$50 million for the replenishment of the Pandemic Fund. We also welcome the WBG's contribution to the G20 Joint Finance and Health Task Force in developing the Operational Playbook for Pandemic Response Financing. Japan will continue to work with the WBG and various relevant organizations to strengthen pandemic response financing. This includes the improvement of the practicability of the Playbook through regular simulation exercises for pandemic responses. Moreover, the recent outbreak of Mpox once again underscores the importance of strengthening pandemic preparedness during non-crisis times. In this regard, it is crucial to ensure consistency among ongoing various agenda items, including strengthening of the public health system, achievement of UHC and pandemic PPR. This can be achieved by enhanced collaboration and integration of the existing trust funds.

Improving nutrition of the population contributes to strengthening human capital and is an essential element for achieving UHC. Towards the Nutrition for Growth Summit to be held next March, Japan will make an additional contribution of \$5.5 million to the Multi-Donor Trust Fund for Scaling Up Nutrition to support the WBG's activities in the nutrition area.

## (2) Climate change and infrastructure

It is imperative that each country draws an ambitious but feasible transition path from both mitigation and adaptation perspectives, based on country-specific domestic circumstances, while being mindful of compatibility with its level of development.

On mitigation, it is crucial that LICs and middle-income countries (MICs) strengthen their roles in supply chains of clean energy products, towards achieving net zero. Japan led the launch of the RISE partnership last year and continues to be a strong supporter, including organizing the Local Information Platform in India. RISE is currently underway in the southern Africa region. Bearing in mind that the 9<sup>th</sup> Tokyo International Conference on African Development (TICAD) will be held next year, Japan will continue to strongly support the steady progress of RISE and expects enhanced collaboration within the WBG, including the IFC, in the spirit of the One WBG Approach.

On adaptation, we need to continue our efforts in mainstreaming disaster risk management and in strengthening infrastructure resilience to natural disasters. We praise the leadership role played by the World Bank, in particular the Global Facility for Disaster Reduction and Recovery, in holding the Understanding Risk Global Forum 2024 this June in Himeji City in Hyogo Prefecture, Japan. The Forum provided the participants with a great opportunity to share knowledge on various challenges in

reducing risks from, and preparing for, severe natural disasters. The Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries celebrated its 10<sup>th</sup> anniversary this year, having provided a wide variety of technical assistance programs in more than 100 countries. In order to address newly-emerging risks, such as extreme heat, the program will continue to tailor its knowledge sharing activities to each developing country's needs by strengthening its collaboration with other sectors such as digital and public health. Furthermore, in enhancing resilience, quality infrastructure investment is critical. Japan is pleased to announce its intention to contribute \$40 million over four years to Phase 3 of the Quality Infrastructure Investment Partnership, which commenced this October.

### (3) Debt issues

LICs and some MICs continue to suffer from severe debt vulnerabilities. Restoring debt sustainability through enhanced debt transparency and strengthened debt management capacity is an urgent priority for those countries for addressing their medium-to-long-term development challenges.

For LICs, it is necessary to implement debt treatments by Official Creditor Committees under the Common Framework in a predictable, timely, orderly, and coordinated manner. In this regard, the G20 should enhance the Common Framework's credibility by committing to improved timelines. For MICs, we welcome the signing of the MoU on debt treatment for Sri Lanka under the Japanese, Indian and French co-chairs and with the support of all creditor countries. We expect that the Sri Lankan debt treatment will serve as a leading case for future debt treatment for other MICs. We urge Sri Lanka to implement debt treatment with other creditors in a transparent and comparable manner.

Improving debt data transparency and accuracy is essential for preventing future debt crises. In this regard, the Data Sharing Exercise (DSE) is a game-changing initiative in which creditor countries share their lending data with the WBG, which then reconciles the provided data. Japan, in cooperation with the WBG, calls for the expansion of the participating countries and running this exercise on a regular basis. Japan has made financial contributions to the Debt Management Facility (DMF) managed by the World Bank, helping developing countries enhance their debt management capacity. Through these efforts and other initiatives, Japan remains committed to supporting developing countries improving their debt transparency and debt sustainability.

### (4) Pacific island countries

Pacific Island Countries (PICs) are facing a range of development challenges that are rooted in their vulnerabilities that stem from their geographical uniqueness. Japan has supported PICs in addressing these issues, including in the areas of climate change and

quality infrastructure investment, financial integrity and inclusion, and debt sustainability, through bilateral cooperation in coordination with the Japan International Cooperation Agency (JICA) and multilateral cooperation in coordination with international financial institutions such as the WBG, the Asian Development Bank (ADB), and the IMF.

To achieve sustainable and inclusive growth in this region, ensuring the integrity and inclusiveness of the financial system is essential. In this context, it is critical to maintain correspondent banking relationships (CBRs) in the region, helping PICs remain accessible to international financial markets and thus generate economic development and maintain social stability.

In this regard, as one of the key development partners for PICs, Japan will help tackle this challenge by supporting the World Bank's Pacific CBRs Project. We will also fund the feasibility study for Phase 2 of this project, together with other like-minded donor countries.

## **5. IDA21 Replenishment**

As its major donor, Japan has supported IDA, which has played a central role in helping LICs achieve poverty reduction in a sustainable manner. IDA21 comes at a critical juncture given the overlapping crises confronting IDA countries, including worsening poverty, rising debt, fragility, conflict and violence. Japan, together with IDA's Management and client countries, will contribute to making the IDA21 replenishment successful.

We appreciate that a new policy package for IDA21 sharpens its focus on results and efficiency. We urge IDA to sufficiently address issues of high importance such as UHC, crisis preparedness, including pandemic-related, enhanced resilience to natural disasters, quality infrastructure investment, debt sustainability, and supply chain enhancement. We also believe that mobilizing resources from both traditional and emerging donors is essential. In order to enhance understanding of IDA activities among the Japanese public, Japan urges IDA to enhance its outreach efforts and expand information dissemination in multiple languages including Japanese. With the recognition of IDA's pivotal role in supporting LICs, Japan remains committed to make an appropriate contribution to IDA21.

## **6. Concluding Remarks**

This year marks the 80<sup>th</sup> anniversary of the founding of the IMF and the World Bank. Since then, each time new challenges have emerged, both institutions have augmented their support to LICs, including through the IMF's Poverty Reduction and Growth

Trust (PRGT) and the WBG's IDA. However, the global economic landscape is undergoing drastic change, necessitating further actions. We expect the IMF and the WBG, under the leadership of Managing Director Georgieva and President Banga respectively, will work decisively and collaborate further, in accordance with their organization's comparative advantages. We firmly believe the two Bretton Woods Institutions will continue to play leading roles in addressing emerging and complex development challenges.

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