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-SEVENTH MEETING
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Statement by
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Japan
Introduction

Japan would like to express its warmest welcome to the agreement on the capital increase package of the World Bank Group (WBG). Through the enhanced financial capacity and the governance reform, Japan expects the WBG to demonstrate greater leadership as the core institution in the multilateral development arena. The WBG is encouraged to further strengthen and deepen its engagement in conventional areas including infrastructure, global health and environment, and to expand its reach to emerging issues such as disaster risk management and debt sustainability in developing countries.

WBG’s Policy Agenda

(1) Quality Infrastructure Investment

Quality infrastructure serves as a solid foundation of private sector economic activities and boosts self-sustaining economic growth by fostering new industries and creating new job opportunities. Japan has been actively engaged in wide-ranging activities to promote quality infrastructure investment, including the Quality Infrastructure Investment Trust Fund (QIITF) of the WBG. QIITF has provided 24 project preparation grants amounting to US$8.9 million, leading to US$5.2 billion World Bank’s infrastructure investment projects. G20 is now discussing “infrastructure as an asset class”, and Japan believes the quality of infrastructure projects is a critical element to attract institutional investors for infrastructure investment. Working together with the Argentinian Presidency, other G20 members, the WBG, and other international organizations, Japan will continue to contribute to quality infrastructure investment through mobilizing private resources.

For infrastructure investments to be truly beneficial to economic growth in developing countries, the openness, transparency, economic efficiency, financial sustainability of such investments, and transfer of expertise and know-how to local communities are critical. Through promoting infrastructure projects that fully comply with relevant international standards, Japan, in collaboration with the WBG and other multilateral institutions, is committed to accelerating free and open economic development in the regions surrounding the Indo-Pacific such as South East Asia, South Asia and East Africa that have tremendous growth potential.

(2) Global health

Promoting universal health coverage (UHC) is an integral part of our efforts to realize a society that leaves no one behind, the core principle of the Sustainable Development Goals (SDGs). We highly appreciate the leadership of and significant contributions by the WBG to date to promotion of the UHC. We welcome the WBG’s on-going Human Capital Project that focuses on an analysis of the important role health and
education development have played in economic growth. We look forward to the final findings of the analysis during the Annual Meeting in Bali.

Last December, Japan, in collaboration with the WBG and the WHO, hosted the UHC Forum 2017 in Tokyo, where a number of heads of states, ministers, and chiefs of international organizations were present. At the Forum, participants shared the importance of strengthening global leadership for UHC, promoting collaboration among international organizations, developing a coordination platform at the country level, and undertaking monitoring activities, all of which were articulated in the Tokyo Declaration. At the Forum, Japan announced its new contribution to the Global Financing Facility, and called for further mobilization of IDA resources to global health. We welcome the WBG’s guidance note on a mechanism to mobilize resources to the health sector with the GFF.

The Forum also acknowledged the key role of finance ministers in promoting UHC, and Japan co-hosted the UHC Flagship Event of Finance Ministers during the Spring Meetings, together with the WBG and WHO. Japan encourages finance ministers and health ministers to work together closely to establish a sound and sustainable financing system for domestic and global health, including UHC.

(3) Disaster Risk Management (DRM) / Crisis response

(Mainstreaming DRM)

Japan has been working together with the WBG to mainstream DRM in development assistance. We welcome the Third Report to the Development Committee on Mainstreaming DRM that highlighted the steady progress in the mainstreaming exercise. Japan-World Bank Program on Mainstreaming DRM, launched in 2014, has provided US$100 million over the past five years and played a major role in mainstreaming DRM, including through establishment of Tokyo DRM Hub. To continue this effort, Japan is pleased to announce the launch of the phase 2 of the Program starting 2019 WBG fiscal year, to which Japan will provide new financial contributions of US$ 100 million over 5 years. In the phase 2, a particular focus will be placed on building disaster resilient infrastructure.

(Disaster risk insurance (SEADRIF))

Japan is leading the work toward the establishment of SEADRIF CAT risk pool with Cambodia, Lao PDR and Myanmar and the agreement of SEADRIF platform framework at the ASEAN+3 Finance Ministers’ and Central Bank Governors’ meeting to be held in May this year.

The framework will help enhance the region’s financial resilience and contribute in the mid- to long-term development of private insurance markets. We highly appreciate the WBG’s contribution as the secretariat of this framework. Going forward, based on the forthcoming ministerial approval, we will operationalize the SEADRIF CAT risk pool as soon as possible and expand the activity of SEADRIF platform to the whole ASEAN region.

(4) Gender

We welcome the Update on the Gender Diversity in the Executive Board of the WBG and appreciate the efforts by the WBG and the offices of Executive Directors. Japan is committed to building a society in which all women shine and appreciates the importance of increasing gender diversity of the WBG board members. We also welcome the progress made by We-Fi (Women Entrepreneurs Finance Initiative), including the approval of the first three projects amounting to US$150 million.
(5) Environment

Continued intensification of global environmental concerns is a pressing challenge to sustainable development in developing countries. Global Environment Facility (GEF) has long provided developing countries with innovative and effective support for environmental conservation. GEF’s global importance underscores the need for continued support from the international community for its operations. Particularly, the on-going negotiations of the GEF’s 7th replenishment should be successfully concluded so as to ensure sufficient financial resources for GEF. Japan highly appreciates the strong leadership of CEO Ishii over the last six years and supports the strategic directions of GEF-7 to strengthen its support for important policy agenda including the Minamata Convention on Mercury. Japan stands ready to make a larger contribution in dollar terms to GEF-7 replenishment than that to GEF-6 which was the historic high at that time, provided that other donors will work together for a successful conclusion of the 7th replenishment. To this end, Japan encourages all donors, particularly developed countries, to make sufficiently large financial contributions to GEF-7.

(6) Debt sustainability

We are witnessing a growing risk of debt distress in some developing countries. This underscores the need for strengthening our efforts to improve debt transparency and secure debt sustainability, both on the debtors’ side and the creditors’ side, through capacity building for better debt management. We call on the WBG to play an important role in supporting these efforts.

On the debtors’ side, priority should be given to developing database on their borrowing from bilateral and multilateral creditors, and to strengthening their capacity for effective expenditure management and revenue mobilization to secure debt sustainability. We call for strengthening the WBG’s technical assistance to this end. In terms of increasing tax revenues, Japan has decided to make a financial contribution to the Global Tax Program, which aims to enhance support for developing countries’ efforts in domestic resource mobilization. In addition, Japan has pledged a financial contribution to the Platform for Collaboration on Tax, whose secretariat function is provided by the WBG, to maximize the impacts of TA provided by the Platform partners to build tax capacity of developing countries. Japan expects the Platform to play a more effective role in sharing and providing TA information as well as coordinating development partners, including in Medium-Term Revenue Strategy, which is key to domestic resource mobilization.

On the creditors’ side, we encourage participation of emerging creditors in the Paris Club. We also expect private creditors to cooperate more closely with the public sector to improve the debt transparency and sustainability of the borrowing countries.


(7) Private capital mobilization

The trillions of dollars required for achieving the SDGs can never be mobilized without private financial resources. IFC and MIGA of the WBG have been playing a leading role in mobilizing private capital. Under its unique mandate to provide guarantees for political risks, MIGA has been very instrumental in mobilizing capital into developing countries. Japan expects that MIGA, under the leadership of its CEO, Ms. Honda, will continue to actively promote private resource mobilization.
(8) Myanmar

Japan has consistently supported Myanmar’s efforts to build a democratic country and pursuit of peace and reconciliation in Rakhine State. We call for the WBG to remain engaged with the country, an FCV country, to support its efforts to achieve inclusive growth.

**WBG’s Governance and Financial Capacity**

Japan has been a frontrunner of the discussion on the WBG’s governance reform and capital increase since the very beginning, advocating the “2 by 2” approach. Japan warmly welcomes that the membership has now reached an agreement on both general and selective capital increases for IBRD and IFC.

The significance of the agreed capital increase package can be described as follows.

First, the package commits to key reform measures to facilitate effective use of the WBG’s limited resources, given the immense demand for development finance to achieve the SDGs. The agreement to scale down over time the volume of support for countries that enjoy reasonable access to international financial markets, and the agreement to give clearer focus on the areas of support to those truly needed including Global Public Goods, are major accomplishments, as these would allow more support for lower income countries.

Second, the package strengthens the IFC and enables it to play a more innovative and impactful role in mobilizing private resources through its significantly-enhanced financial capacity.

Third, the package has made progress in the WBG’s governance reform after intense discussions since 2010, guided by the spirit of multilateralism. In the course of discussions, we renewed our shared recognition that shareholders bear responsibilities proportionate to their respective voice. Countries that have achieved a certain income level are encouraged to transform from a borrower to a lender over time, and significantly scale up their contributions to the WBG’s mission, in particular the IDA, to levels comparable to their economic power.

**Closing**

Nowadays, there is a wide range of providers of international development assistance; foundations, philanthropists, and other private sector development partners. Japan maintains its high expectation to the WBG, which has been at the center of international development architecture for the past 70 years, so that it remains a leader in every aspect including human resources, knowledge, expertise, and resource mobilization.

To address a number of development challenges, the WBG should be equipped with well-diversified human resources. Japan concludes its remarks by reaffirming its commitment to continuing support for the WBG, an important global public good, through providing well-qualified human resources.