Statement by

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1. Introduction

Let me first of all welcome that the World Bank Group (WBG), under the presidency of Mr. David Malpass, is making steadfast progress towards achieving the twin goals of the WBG, i.e., ending extreme poverty and boosting shared prosperity. Let me also congratulate Ms. Kristalina Georgieva, former CEO of the World Bank, on her appointment to the position of Managing Director of the International Monetary Fund (IMF). This will give further opportunities for enhancing the cooperation between the WBG and the IMF.

2. Partnership between Japan and the World Bank – outcomes of the G20 under the Japanese presidency and beyond

I am pleased to note that our partnership with the World Bank is deepening, bringing about significant achievements in advancing the international development agenda. Let me share with you that the Osaka G20 Summit in June achieved major outcomes that will help facilitate discussions on development strategy at the international level. Going forward, Japan will, in partnership with the World Bank, make sure that these outcomes are implemented and put into practice.

(1) Quality Infrastructure Investment (QII)

Infrastructure is a driver of economic growth and prosperity, and provides a solid basis for sustainable growth and development. When it comes to infrastructure investment, quality and quantity go hand in hand. Quality infrastructure investment (QII) brings about positive economic spillover effects on the economy and society over the long run, beyond the value of physical infrastructure itself.

With this in mind, at the G20 Osaka Summit, Leaders endorsed the “G20 Principles for Quality Infrastructure Investment”, which underscores, among other things, the importance of raising economic efficiency in view of life-cycle cost while strengthening infrastructure governance, including macro-level debt sustainability.

The next step for us is to implement these principles by reflecting them in the design and implementation of projects executed in the field. Japan would like to see the WBG help advance the QII agenda by implementing Bank-financed projects that are in line with these principles, while undertaking initiatives that help countries and international organizations implement QII.

Japan, on its part, is resolved to promote the QII agenda actively, in partnership with the WBG and other relevant international organizations. Leveraging the Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries, and harnessing the partnership with the World Bank’s Tokyo Development Learning Center (TDLC), Japan will showcase concrete cases of QII in Japan and
share expertise of how to promote QII in a more efficient and effective manner. In addition, Japan will continue to help the WBG formulate QII projects with the Quality Infrastructure Partnership Fund, a Bank-managed trust fund. Furthermore, Japan contributed USD 2 million to the IMF’s Infrastructure Governance Facility, which supports infrastructure investment plans while ensuring, among others, debt sustainability.

Expanding QII hinges on mobilizing private funding in addition to public money. In this regard, Japan looks forward to further collaboration between IBRD/IDA and IFC/MIGA. Mobilizing private funding requires experts in project finance who can provide unbiased advice with the full confidence of both public and private partners. Recognizing the role of the Global Infrastructure Facility (GIF) that helps formulate PPP projects, Japan has provided USD 15 million to the Facility. Going forward, Japan would like to see more GIF-supported projects reach the stage of commercial and financial closure. Japan is ready to provide additional funding of USD 3 million to the GIF, with the proviso that it is matched by additional funding by other donors and that other relevant conditions are met.

(2) Universal Health Coverage (UHC)

A robust health finance system is a prerequisite to achieve UHC, which is key to human capital development. Developing countries, which are already plagued with poor access to health services, suffer with excessive out-of-pocket medical expenditure that gives rise to new incidences of poverty. In addition, developing countries face a surge in medical expenses on account of their progress in aging, an increase in non-communicable diseases, and public health emergencies such as pandemics and Antimicrobial resistance. It is high time that they establish a sustainable health finance system that can address these developments.

Japan, in partnership with the WBG, has been actively engaged in promoting UHC and addressing pandemics in developing countries. Cumulative assistance provided through Japan’s trust fund at the World Bank, i.e., the PHRD (Policy and Human Resources Development Fund), has reached 33 projects with a financial value of USD 21 million. Going forward, our focus will be on areas such as building sustainable health financing systems and strengthening health sector human resources, while enhancing partnerships with the private sector.

In the area of maternal and child health care, the Global Financing Facility (GFF), leveraging its contribution of USD 574 million, has successfully mobilized a total of USD 4.4 billion health financing from the WBG. Building on achievements so far, Japan is making an additional contribution of USD 20 million to the GFF, on top of its cumulative contribution of USD 30 million. Let me express my sincere hope that GFF contributes to further enhance the WBG’s health sector assistance.

Promoting UHC is helpful in responding to health emergencies, but more needs to be done in terms of prevention and preparedness. Let me touch briefly on the PEF (Pandemic Emergency Financing Facility), a landmark mechanism established under Japan’s initiative provides quick and effective support utilizing an insurance scheme with private funding, in response to the outbreak of a pandemic. Harnessing the benefits of an insurance scheme is important. The WBG should carefully consider how to structure the next phase of the PEF.

To help advance the UHC agenda, Japan, in its capacity as G20 presidency, put together the “G20 Shared Understanding” that stresses the importance of UHC finance. The document is now recognized as one of the key achievements of the G20 under the Japanese presidency. In addition, Japan hosted a joint session of finance and health ministers on the margins of the G20 Osaka Summit, where ministers acknowledged the need to build a sustainable health finance system to achieve UHC, and affirmed their commitment to the “G20 Shared Understanding”. Going forward, more needs to be done to further the UHC finance agenda in developing countries.
(3) Debt Sustainability

Ensuring debt sustainability is key to securing steady investment inflows, and enhancing sustainable economic growth. However, some low-income countries face concerns about debt sustainability, due to a rapid public debt build-up. In this regard, joint efforts undertaken by both borrowers and creditors, official and private, are critically important. As such, Japan calls on the WBG and the IMF to step up their efforts in building capacity of borrowing countries. The two institutions should also support creditors’ efforts to ensure sustainable lending practices, thereby further contributing to the international community’s efforts to address debt issues.

Under the Bank-Fund’s multi-pronged approach, they should further promote capacity building of low-income countries in the area of debt transparency, debt management, public financial management, and domestic resource mobilization. To this end, the two institutions should effectively utilize the Debt Management Facility III and the Data for Decision Fund. Also, they should further deepen their analysis on collateralized sovereign debt, and help enhance its transparency. Furthermore, the two institutions should strengthen their outreach to official and private creditors, with a view to promoting sustainable lending practices.

(4) Enhancing Resilience against Natural Disasters

Harnessing disaster risk insurance is one of the important building blocks to enhance resilience against natural disasters. I am pleased that the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), with Japan’s support, is about to commence its operations for Lao PDR and Myanmar. Japan will promote a wider use of disaster risk insurance among the other ASEAN countries and in other regions.

3. IDA19 and steadfast implementation of the capital increase package

(1) IDA19

IDA is the linchpin of international development finance architecture in providing development assistance to low-income countries. In this regard, Japan looks forward to an IDA19 that addresses such important development issues as QII, UHC financing, pandemics and debt sustainability.

For example, in modernizing infrastructure in low-income countries, IDA should ensure that its projects incorporate quality elements, including aspects pertaining to the environment and governance. On UHC, strengthening the health finance system that underpins UHC is a major issue that IDA should address, in addition to promoting investment in human capital. Japan looks forward to an IDA that steps up its efforts to strengthen UHC financing.

Regarding pandemics such as Ebola, making tireless efforts towards achieving UHC during non-crisis times is essential. In addition, establishing a mechanism that can provide a quick response in case of an outbreak, including the provision of necessary funds, is critically important. For IDA19, Japan urges IDA to further consolidate its efforts to help build preparedness during non-crisis times and revamp its toolkit to intervene in the early stages of a pandemic crisis. Also, Japan considers it highly important to put in place a robust mechanism under IDA that can cope with a pandemic outbreak, which should be combined with an insurance scheme.

Addressing the multitudes of development needs that face low-income countries require IDA19 to have an appropriate replenishment size. In this regard, IDA’s continued access to financial markets is important. Also, Japan believes that mobilizing resources across traditional and emerging donors is essential so that
IDA could continue playing a pivotal role in supporting low-income countries. Japan, on its part, will make an appropriate contribution to IDA19.

(2) **IBRD-IFC Capital Increase Package**

The IBRD-IFC capital increase package, endorsed at the spring meetings last year, aims at prioritizing resource allocation to countries with lower per-capita income, while actively mobilizing private resources. Japan believes it important that the package be implemented steadfastly. Japan looks forward to a swift adoption of the relevant IFC Board of Governors resolutions at the earliest timing, following suit with the adoption of IBRD resolutions.

4. **Concluding remarks**

As the largest development institution in the world, the WBG is in a position to lead the international development agenda. Japan is committed to continuously and actively supporting the WBG, across the three dimensions of financing, policies, and human resources.

Under the strong leadership of President Malpass, Japan looks forward to a WBG that continues to play a major role in advancing the twin goals of ending extreme poverty and boosting shared prosperity, thereby contributing towards the achievement of Sustainable Development Goals.