

# JAPAN

**Statement by the Honorable Kenichiro Ueno,  
State Minister of Finance, the Government of Japan  
At the 28th Annual Meeting of the European Bank for Reconstruction and Development  
Sarajevo, Bosnia and Herzegovina – May 8th, 2019**

## **1. Introduction**

Mr. Chairman, Mr. President, distinguished Governors, ladies and gentlemen:

On behalf of the Japanese Government, I would like to express my sincere gratitude for the warm welcome extended by the Government of Bosnia and Herzegovina and by the people of Sarajevo at the 28th Annual Meeting of the European Bank for Reconstruction and Development (EBRD).

## **2. EBRD Policy**

### **(1) EBRD's Support for its Countries of Operations**

Since its establishment in 1991, the EBRD has made significant contributions to promoting democratisation and transition to an open market economy in the former communist countries and, more recently, in the Southern and Eastern Mediterranean (SEMED) countries.

To ensure the most effective and efficient use of the EBRD's limited resources, Japan believes that the EBRD's support should be targeted at the geographical areas and sectors in which the maximum transition impact can be achieved. Specifically, we strongly expect the EBRD to enhance its support for the Early Transition Countries (ETCs), which are lagging behind in the transition to an open market economy, and help these countries move to the next stage of transition without undue delay. In Uzbekistan, one of the ETCs, the EBRD resumed operations in 2017 and its Annual Bank Investment (ABI) in 2018 increased to as high as 40 percent of the Central Asia region. Japan highly appreciates the EBRD's commitment to supporting the ETCs and encourages further efforts in this regard.

For the Advanced Transition Countries (ATCs), it is important to develop a clear roadmap to graduation from the EBRD's countries of operations (COO) status. Japan has a major concern about the fact that no decline is indicated in the indicative ABI for the ATCs going forward in the Strategy and Implementation Plan 2019-2021 approved by the Board last December as well as in Management background paper: Strategic Review – Enhancing Impact in the COOs. Graduation from the EBRD is undeniable proof of the success of the EBRD's support. Japan therefore urges the EBRD to engage as early as possible in discussions with ATCs on graduation.

## **(2) Preparatory Work for the Strategic and Capital Framework (SCF) 2021-2025**

The agenda of this Annual Meeting in Sarajevo includes the draft resolution on preparatory work for the SCF 2021-2025. Japan supports the resolution for the following reasons. First, the EBRD's limited and incremental expansion into new COOs beyond the geographical scope of its mandate as currently stipulated in Article 1 constitutes only one of the five options. Second, the resolution does not pre-judge any Governors' consideration at the Annual Meeting in London next year.

As to whether the EBRD should expand its geographical scope, Japan believes a thorough discussion is required from wide-ranging viewpoints. We note with disappointment that fundamental questions remain unaddressed, including whether the EBRD's operations far beyond its original mandate of promoting a market economy in the Central and Eastern European countries could be justified, or whether the EBRD could add value in new COOs. Japan requests Management to provide sufficient information and analyses for discussion towards the next Annual Meeting in London.

## **3. Cooperation between Japan and the EBRD**

### **(1) Quality Infrastructure Investment**

This year, Japan is hosting G20 and other major international conferences, and considers "Quality Infrastructure Investment" to be one of the priorities.

"Quality Infrastructure Investment" brings about positive economic spill-over effects to the economy over the long run, beyond the benefits stemming from the physical infrastructure itself. Specifically, it can lead to job creation, capacity building, transfer of know-how on mutually-agreed terms, and further mobilisation of private sector capital, thus helping achieve sustainable growth.

Proper project preparation is crucial in maximising economic efficiency in view of life-cycle cost while securing project quality. This can be made possible by building an enabling environment for promoting infrastructure investment, as well as producing plans that prioritise the projects within the financing envelope. Further, transparent procurement is essential at the project implementation stage. 'Quality' needs to duly cover environment, social, and governance considerations, which include, among others, open access and debt sustainability.

Japan will continue to proactively promote "Quality Infrastructure Investment" through the Japan-EBRD Cooperation Fund (JECF).

## **(2) The EBRD's Representative Office in Tokyo**

Since its opening in March 2016, the EBRD's Representative Office in Tokyo has made significant contributions to business development with Japanese companies, to the enhanced visibility of the EBRD in Japan, and to other EBRD activities including recruitment of Japanese nationals. We are looking forward to this office continuing to actively bring together the EBRD's support and Japan's knowledge and skills for the EBRD's operations.

## **(3) Ensuring diversity among EBRD staff**

In order for the EBRD to respond flexibly and effectively to the increasingly diversified and complex needs and urgent issues in its COOs, it should be equipped with well-diversified human resources. Japan expects the EBRD to proactively promote diversity among EBRD staff by selecting the right people from the global talent pool for the right positions. In this context, Japan will strive to contribute to the EBRD through qualified Japanese staff.

## **4. Conclusion**

The next twelve-months towards the next Annual Meeting in London will mark an important period for the EBRD to decide its future direction. Japan reiterates its commitment to contributing to the EBRD so that it will be able to fulfil its mission in a more effective and efficient manner.