

Speech at JISPA 30th Anniversary Event
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(Introduction)

Good morning, everyone. It is a great honor for me to be here today to celebrate the 30th anniversary of the Japan-IMF Scholarship Program for Asia (JISPA). I would like to extend a warm welcome to Ms. Antoinette Monsio Sayeh, Deputy Managing Director of the IMF, on her visit to Japan. I would also like to congratulate the scholars attending today's ceremony, who began their study this fall. I hope all scholars will have a fulfilling academic time in Japan.

(Appreciation to OAP, schools, and JICA)

I would also like to thank all those involved in this scholarship program. The IMF's Regional Office for Asia and the Pacific (OAP), as the administrator of this scholarship program, partner schools and the Japan International Cooperation Agency (JICA) are all indispensable to the success of JISPA. I would like to express my sincere gratitude to you all.

(JISPA Alumni)

Since Japan and the IMF established this scholarship program in 1993, nearly 900 young officials from over 20 countries graduated from Japanese universities. They have returned to their home countries and are now deeply involved in policymaking at key positions in macroeconomic agencies, such as central banks or central governments, making the most of their experiences in Japan.

(Introduce Alumni)

Further to Deputy Managing Director Sayeh's speech, I would also like to thank five JISPA alumni for being here today and warmly welcome them back to Japan.

First, Ms. Vathana Dalaloy, Deputy Governor of the Central Bank of Lao P.D.R. We will hear from her in a guest speech session shortly.

Second is His Excellency Mr. Sok Sopheak, Secretary of State at the Ministry of Commerce, Cambodia. He will deliver a speech at today's cocktail reception.

Third, Ms. Caroline Waqabaca, the Chief Manager of Financial System Development and the Acting Deputy Governor of the Reserve Bank of Fiji. She will join the panel discussion session later.

Finally, Mr. Batsaikhan Namkhai, Economic Advisor to the Governor of the Bank of Mongolia, and Mr. Behzod Saylixonovich Hamraev, Deputy Chairman of the Central Bank of Uzbekistan. They will both be speakers at the afternoon Alumni Get Together session.

We are looking forward to hearing about their great success stories. Their stories are clear demonstration of major achievements of the JISPA over the last three decades. I truly hope that the new JISPA scholars joining today will follow their paths in future.

(Look back at last 30 years in Asia and the IMF)

Now let's take a brief look back at the last 30 years. The Asian region has experienced tremendous growth over this period. The combined size of the Asian economies is five times larger and now accounts for more than one third of the global economy.

The past 30 years is a history of strengthening ties among Asian countries and improving resilience to global shocks. The Asian currency crisis in 1997 gave rise to the Chiang Mai Initiative and Asian Bond Markets Initiative (ABMI) efforts. Since then, Asian countries have made continued efforts to strengthen the regional financial safety net by launching the Chiang Mai Initiative Multilateralization and establishing the ASEAN+3 Macroeconomic Research Office (AMRO) to enhance surveillance. Along with increasing flexibility in currency systems and foreign reserves accumulation, there has been increasing trust by investors in capital markets in Asia. Consequently, nowadays, Asian companies account for more than half of the total number of listed companies globally.

Turning to the IMF, the Fund has also broadened its scope of activities over the past three decades to meet the evolving needs in a rapidly changing world. I would like to highlight four important changes that the IMF has made since the Asian currency crisis.

First, the IMF has made conditionality more streamlined and focused. It emphasizes that structural conditionality should be both critical and parsimonious, meaning that conditionality should be critical and well prioritized for achieving the objectives of the members' programs. It also places greater emphasis on country ownership, while respecting each country's economic conditions and vulnerabilities in the implementation of programs.

Second, in the wake of the global financial crisis and the increased emphasis on precautionary measures, the IMF launched new lending programs, such as the Flexible Credit Line (FCL) to provide a large amount of financial assistance without conditionality to countries with strong economic fundamentals, mainly from a crisis prevention perspective. In response to liquidity shortages during the pandemic, the Short-Term Liquidity Line (SLL) was established to address potential temporary BOP needs arising from a short-term liquidity crisis for member countries with sound policies. In addition, access limits have been raised and surcharges have been revised to make the lending instruments more accessible to recipient countries and capable of meeting large financing needs.

Third, the IMF introduced the Integrated Policy Framework (IPF) to help countries respond to fluctuations in international capital flows. While a flexible exchange rate is a shock absorber, it may not offer full insulation from external shocks, and policymakers often resort to a mix of tools, including monetary policy, foreign exchange market interventions, macroprudential measures, and capital flow management. The IPF provides the conceptual and quantitative models that takes greater account of real-world frictions and vulnerabilities to guide how these tools should be used in an integrated way. This will also help countries to take precautionary measures before financial stability risks become apparent, while taking into account the specific characteristics and circumstances of each country.

Finally, the IMF has strengthened its support for low-income and vulnerable countries. Following the historic allocation of SDRs in 2021, the IMF and member countries have promoted SDR channeling, in which member countries with favorable external balances voluntarily allocate unused SDRs to support vulnerable countries. Japan has raised its commitment from 20% to 40% of its newly allocated SDRs it will channel, or roughly from 8.4 billion to 16.7 billion US dollars, toward the total global ambition of 100 billion US dollars. In addition, as the largest contributor to the PRGT, Japan has also provided 630 million US dollars in support of the IMF's effort to secure needed subsidy resources, representing more than a 20% share of the total global subsidy fundraising target of 3 billion US dollars set in 2021.

More recently, the IMF Executive Board proposed to the Board of Governors a 50 percent quota increase allocated to members in proportion to their current quotas. As the global economy is facing multiple crises, the IMF should be further strengthened to help member countries. In this context, Japan has taken a strong lead in finalizing the proposal with significant quota increase, which would allow the IMF to keep playing critical role at the center

of the global financial safety net.

Throughout those important changes, the OAP has played a critical role in promoting the IMF's various activities, including economic policy advice and capacity development for member countries in Asia.

(Look back at last 30 years of JISPA)

As the IMF evolves in response to changes in the global economy and member countries' interests, the JISPA program has also evolved over the past 30 years. The number of countries supported by JISPA has grown from 11 at the time of its inception to more than 20 today. When the scholarship program started, GRIPS, formerly at Saitama University, was the only university eligible for this scholarship, but now four partner universities offer master's programs in macroeconomics and public policy designed specifically for JISPA.

In 2018, the JISPA Continuing Education (JISPA-CE) program was created to provide alumni with opportunities to continue learning after completing their studies. It aims to help mid-career senior-level graduates, who face a variety of challenges in an ever-changing global landscape, refresh their knowledge in macroeconomics to support their career advancement and promote regional economic integration and cooperation.

(Why Japan supports JISPA?)

As you know, the Government of Japan has been deeply committed to the IMF's capacity development function, as one of its largest and longest-standing partners. We have supported this scholarship program tailored to public officials and central bankers in the Asia-Pacific for several reasons.

First, we aim to contribute to the development of the region by increasing the human capital of public sector officials who will be leading policymaking in the future.

Second, we hope that the fellows will deepen their understanding of Japan and become bridges among Japan, the Asia-Pacific, and the IMF. Also, by deepening the ties among fellows, we hope that the close relationship will contribute to stronger networks among future policymakers in the region, boosting cooperation and economic integration.

Third, as the IMF administers this scholarship program, JISPA directly benefits from IMF expertise and knowledges. The IMF enables scholars to deepen their expertise by providing them with up-to-date and practical macroeconomic knowledge and analysis on current policy issues through workshops and seminars led by IMF staff.

(closing)

According to the IMF, the Asia-Pacific remains a key driver of global growth and is expected to grow by 4.6% in 2023, up from 3.9% in 2022. On the other hand, there are a number of risks, such as Russia's war against Ukraine, elevated inflation and prolonged monetary policy tightening with spillover effects, debt issues in low-and middle-income countries, and rising geopolitical tensions. Overall, the outlook is extremely uncertain.

Amidst the rapidly changing environment and the constant emergence of new challenges, Asian countries need to work together to address those challenges to achieve prosperity for the entire region, including with coordinated international efforts through multilateral mechanisms such as the IMF. I am certain that JISPA alumni will be at the center of these efforts. Japan will continue to support JISPA and I wish current scholars and alumni all the best for their future endeavors.

Thank you for your attention.