



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)

ONE HUNDRED AND THIRD MEETING
WASHINGTON, DC – APRIL 9, 2021
(VIRTUAL)

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Statement by

H.E. Taro Aso
Deputy Prime Minister and Minister of Finance

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1. Introduction

As the COVID-19 pandemic is still ongoing, the international community needs to make collaborative efforts to swiftly overcome the crisis and achieve resilient recovery from the crisis, by enhancing preparedness for the next crisis, and building a sustainable society and the foundation for growth in the future.

2. Overcoming the COVID-19 crisis

First of all, our urgent priority is to contain the spread of COVID-19. To this end, it is essential to further accelerate the development, manufacturing, and distribution of vaccines, medicines, and diagnostics, and to ensure equitable access for all people, including in developing countries.

In this regard, Japan has been supporting the initiative of the Access to COVID-19 Tools Accelerator (ACT-A) including financial contribution to the COVAX Facility. Japan expects the World Bank Group (WBG) to further contribute to the four pillars of the ACT-A, namely vaccines, therapeutics, diagnostics and health system strengthening, together with other international organizations including the World Health Organization (WHO).

In particular, Japan welcomes the WBG's initiative to support the rollout of COVID-19 vaccines in developing countries, in coordination with the COVAX Facility. Japan is pleased to announce an additional contribution of US\$ 50 million to the Health Emergency Preparedness and Response Trust Fund (HEPRTF) in order to help developing countries to distribute vaccines through strengthening their capacities and developing medical facilities and equipment including cold chains. Japan encourages the WBG to accelerate their efforts to build robust health systems for ensuring equitable access to vaccines, and to continue to mobilize private finance through the Global Health Platform (GHP) of International Finance Corporation (IFC).

3. Resilient recovery (preparedness for the next crisis, and building a sustainable society and foundation for growth)

In the recovery phase from the ongoing crisis, it is important to address the following issues for the future.

(1) Preparedness for the future crises

First, we need to enhance our preparedness for future crises, building on our experiences of the COVID-19 pandemic.

(i) Preparedness for pandemics

Since COVID-19 will not be the last pandemic for mankind, it is critical to strengthen health systems for prevention, preparedness, and response to the next pandemic. To this end, achieving universal health coverage (UHC) has gained further importance. The experience of COVID-19 has shed light on the importance of developing a resilient health system that can detect, diagnose, isolate, and treat infected people in a precise and timely manner. Thus, we need to work on developing health-related human resources, health facilities and infrastructure along with securing medical equipment and supplies, as well as medical networks and sustainable health financing systems.

Promoting nutrition is another important element for achieving UHC. We need to tackle against serious threats stemming from malnutrition, such as stunting, weakened immune systems, and non-communicable diseases. Japan will contribute to supporting developing countries in this area and work together with the WBG towards the Nutrition for Growth Summit to be held in Tokyo in December this year.

(ii) Preparedness for natural disasters

It is also becoming more important than ever before to prepare for natural disasters, in addition to prepare for a pandemic, as the risks of natural disasters have been rising due to climate change. As 10 years have passed since the occurrence of the Great East Japan Earthquake, Japan will continue to support developing countries by sharing the knowledge and experience Japan has gained through reconstruction from the earthquake.

Knowledge related to resilience against natural disasters is also useful for the "Building Back Better" of developing countries which have been affected by the COVID-19 pandemic as well as for the enhancement of preparedness for pandemics. In this regard, Japan expects stronger coordination between global health initiatives and disaster risk management of the Japan-World Bank Disaster Risk Management (DRM) Joint Program.

(2) Building a sustainable society

In the coming recovery phase, we should make efforts to build a sustainable society in addition to ensuring preparedness for future crises. In this regard, it is important to address climate change and to ensure debt transparency and sustainability.

(i) Response to climate change

With regard to climate change, Japan has made a declaration to achieve carbon neutrality by 2050, and will pursue a virtuous cycle between the economy and the environment. With an aim to push forward such initiatives with other countries, Japan has participated in the Coalition of Finance Ministers for Climate Action as a member.

As many developing countries need to address poverty reduction while pursuing both decarbonization and economic growth in the future, the WBG needs to provide appropriate support for both mitigation and adaptation measures, taking into account the actual conditions of each country, and also to mobilize private finance. Japan expects the WBG to support the steady transition of developing countries, which cannot leapfrog to achieve decarbonization.

In addition, mobilizing private finance is becoming more critical. In this regard, it is important to identify the risks and opportunities related to climate change through companies' climate-related financial disclosure. To provide technical assistance in this area, Japan will provide US\$ 5 million to the Comprehensive Japan Trust Fund in IFC.

(ii) Securing debt transparency and sustainability

The impact of the COVID-19 pandemic has exacerbated debt situations in developing countries. Securing debt transparency and sustainability is essential to ensure their sustainable growth.

Given the significant financing needs of developing countries, Japan welcomes the G20 and Paris Club's agreement on the final extension of the Debt Service Suspension Initiative (DSSI). Japan expects that the extension as the final one would incentivize developing countries to move towards structural solutions of their debt issues through the Upper Credit Tranche IMF-supported programs and, as needed, debt treatments under the Common Framework.

Japan thinks it important that all creditors who are implementing the DSSI will participate in debt treatments under the Common Framework in a full and transparent manner, while other official bilateral and private creditors will fully implement debt treatments in line with the comparability principle. The Common Framework should be operationalized through launch of the Creditor Committee as early as possible.

To secure steady investment inflows to developing countries, it is critical for these countries as well as creditors and investors to have a precise picture of the debt situations in normal times. To this end, Japan encourages the World Bank, together with the IMF, to ensure debt data transparency and accuracy through debt data reconciliation. Japan also expects the World Bank to accelerate its capacity building assistance to improve debt management and transparency of developing countries.

In order to strengthen these initiatives, Japan requests steady implementation of the Sustainable Development Finance Policy, which was introduced in the 19th replenishment of the International Development Association (IDA).

(3) Building the foundation for growth (Quality Infrastructure Investment)

In order to achieve robust growth of developing countries in the recovery phase from the COVID-19 pandemic, it is necessary to promote investments in infrastructure that serves as the foundation for growth, taking into account the economic and social changes due to the spread of COVID-19.

For developing economic foundation, fostering new industries, and creating new jobs in fields including digital and green, it is important to promote Quality Infrastructure Investment with due consideration to safety, including cybersecurity and data privacy, as well as inclusiveness, openness, sustainability, and governance, among other principles.

Such principles should be ensured not only in projects supported by the WBG, but also in infrastructure investments financed by other multilateral development banks or governments of developing countries themselves, or through foreign direct investments. Japan expects the relevant knowledge to be shared through the WBG's support for project preparation and technical assistance.

In this regard, Japan will continue to provide support through various facilities such as the Quality Infrastructure Investment Partnership Trust Fund and the World Bank Tokyo Development Learning Center (TDLC). In addition, Japan will make an additional contribution of US\$ 10 million to the Global Infrastructure Facility (GIF) for which Japan currently serves as a co-chair.

4. Reinforcing the financial foundations of the WBG

The WBG plays an extremely important role in helping developing countries to overcome the crisis and to achieve resilient and sustainable recovery. Therefore, each organization of the WBG should secure sufficient resources to provide necessary support in a timely manner to meet the needs of developing countries.

As demand for support has been increasing in low-income countries, which have been severely affected by the COVID-19 pandemic, Japan welcomes the agreement on advancing IDA 20th replenishment, of which Japan had emphasized the necessity at the last Development Committee meeting. The international community needs to work together towards achieving a successful replenishment by December this year, and Japan will continue to actively participate in the discussions.

As International Bank for Reconstruction and Development (IBRD) and IFC also need to provide swift support for crisis response and resilient recovery, Japan has decided to accelerate the payment for the capital increase of the two organizations. Japan will continue to support the two organizations so that they will be able to support developing countries with full force in this crisis situation.

5. Concluding remarks

Japan expects the WBG, which leads the development globally, to continue to play a leading role in responding to crises and achieving resilient recovery in developing countries under the leadership of President Malpass, in cooperation with the IMF.

Lastly, we would like to take this opportunity to welcome Mr. Makhtar Diop, who has assumed office as the IFC Managing Director and Executive Vice President. Japan is committed to further developing its long-standing partnership with the WBG and providing active support to the latter across many fronts, including finance, policies and human resources.