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(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 FOURTH MEETING  
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**Statement by**

**H.E. Shunichi Suzuki  
Minister of Finance**

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**104<sup>th</sup> Meeting of the Development Committee**

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**1. Introduction**

The world continues to face an unprecedented public health, economic, and social crisis due to COVID-19. As the speed of the economic and social recovery is uneven between and within countries/regions, outlook remains highly uncertain.

It is vital to swiftly overcome the crisis and enhance preparedness for future crises. At the same time, the world needs to achieve an inclusive and sustainable recovery through investment in human capital, response to climate change issues, promotion of digital development with due consideration to security, and securing of debt transparency and sustainability.

Japan will support the World Bank Group (WBG), the International Monetary Fund (IMF), and other international organizations in their initiatives for addressing these challenges.

**2. Overcoming the ongoing COVID-19 crisis and preparing for future health crises**

First of all, the crisis is still ongoing, and our urgent priority is to contain the pandemic. In this regard, Japan commends the timely support by the WBG. Given the prolonged crisis, the international community must continue to work together to overcome the crisis, and Japan expects the WBG to take a leading role in collaboration with the IMF and other multilateral development banks (MDBs) while properly sharing roles in line with their comparative advantages, within their respective mandates.

COVID-19 will not be the last pandemic for mankind. It is essential to promote prevention and preparedness against future health crises in order to avoid losing past development gains and prevent vulnerable groups from falling into extreme poverty, should another pandemic occur.

Japan has been leading discussions on global health, including towards achieving universal health coverage (UHC), in collaboration with the WBG. Going forward, the WBG needs to strategically shift its priority to strengthening global health systems as well as providing technical assistance and allocating funds to that end, from enhancing prevention and preparedness at the national level. In this respect, Japan expects that strengthening preparedness against pandemics will be an important Policy Commitment in the discussions on the 20th replenishment of the International Development Association (IDA).

Whereas on a global level, Japan expects the WBG, with its expertise in both health and finance and its experience at the Multilateral Leaders Taskforce on COVID-19 (MLT), to play a core secretariat role in conducting gap analysis on the global health architecture and presenting solutions towards establishment of a Global Health and Finance Board for Pandemic Prevention, Preparedness and Response discussed at G20.

Moreover, Japan expects the WBG to actively contribute to the G20's swift finance mobilization at a time of health crisis. Japan emphasizes the importance of improving the efficiency of and scaling up existing

financing mechanisms, including MDBs, in order to avoid the risk that building a new framework would cause redundancies and complicate the required coordination.

From this viewpoint, Japan will continue to support developing countries in strengthening their capacities and developing medical facilities and equipment, including through scaling up its contribution to the Health Emergency Preparedness and Response Trust Fund (HEPRTF), which has been supporting developing countries responding to COVID-19. In addition, Japan continues its support for private finance mobilization to expand the manufacturing and delivery capacity for healthcare supplies in developing countries, through the Global Health Platform (GHP) of International Finance Corporation (IFC).

### **3. Resilient, sustainable, and inclusive recovery**

To achieve the twin goal of poverty reduction and sustainable growth, it is necessary to build foundations for inclusive recovery and growth through strengthening human capital, tackling climate change issues, and promoting secure digital development. It is also vital to address debt vulnerability so as to support such efforts in a sustainable manner.

#### **(i) Investment in human capital**

Inclusive recovery that leaves nobody behind is crucial for preventing the damage caused by COVID-19 from becoming prolonged or permanent. Appropriate investment in human capital will alleviate the COVID-19 induced burdens that could remain into the future, including the loss of educational opportunities and widening of gender inequality, and will form a foundation for capacity building and growth in each country.

From the viewpoint of strengthening human capital, the nutritional aspect, including reducing the risk of stunted growth or immune depression in infants and reducing the risk of non-communicable diseases, needs to be considered when promoting the UHC. In this respect, Japan is pleased to announce additional contributions totaling US\$70million—US\$50million to the Global Financing Facility (GFF) and US\$ 20million to the Japan Trust Fund for Scaling Up Nutrition (SUN). Towards the Nutrition for Growth Summit to be hosted by Japan in December this year, Japan will contribute to supporting developing countries to improve nutrition situation in cooperation with the WBG.

#### **(ii) Response to climate change issues**

Japan and other economies individually set a target of net-zero or carbon-neutral by 2050. In order for the international community to achieve the global goal of remaining within the 1.5°C limit, it is also essential to make collective efforts on reducing greenhouse gas emissions in developing countries, especially in major emitting countries, to the maximum extent possible in line with that global goal. In this regard, Japan welcomes the WBG Climate Change Action Plan 2021-2025 (CCAP) published in June this year with an aim to achieve the goals of the Paris Agreement.

Regarding energy, in order to achieve the Sustainable Development Goal (SDG) 7, which calls for ensuring access to affordable, reliable, sustainable and modern energy for all, as well as the emissions reduction of the entire international community, Japan expects the WBG to support each developing country to develop and implement ambitious Nationally Determined Contributions (NDCs), Long-Term Strategy (LTS), and/or energy plan in line with Paris Agreement, and continuously monitor the implementation. In this process, it is essential to prevent developing countries supported by the WBG or other MDBs from implementing projects that are inconsistent with the energy plans based on bilateral support or private finance, in order to ensure a steady transition in each country. In addition, for countries above the Graduation Discussion Income (GDI) their energy plans should be consistent with the global mitigation goal.

On that basis, with regard to individual projects, the most efficient measure should be implemented in light of reducing cumulative greenhouse gas emissions taking into account each country's circumstances in line with the energy plans. Should an MDB be required to refrain from supporting such a project/program for the reason that it is natural gas or they are middle income countries, that would inadvertently result in more greenhouse gas emissions. It is not sensible. In this respect, Japan supports MDBs' decision that they do not support new coal projects.

Based on these ideas, Japan announces "Japan's Proposal on MDBs' Support in the Energy Sector." Japan will support developing countries' response to climate change issues through contributions to trust funds and other means, so as to make coordination and exert a synergistic effect with the WBG's support consistent with this proposal.

In specific, first, investment in renewable energy is decisively important. Japan will support the use of green hydrogen and battery storage in developing countries by making additional contributions to the Energy Sector Management Assistance Program (ESMAP).

In addition, amid the growing risk of natural disasters due to climate change, the viewpoint of adaptation and resilience to climate change is important. While strengthening support in the adaptation and resilience under the CCAP, resilience to natural disasters needs to be enhanced by sharing knowledge through the Japan-World Bank Program for Mainstreaming Disaster Risk Management (DRM) in Developing Countries, analyzing climate change risks and vulnerabilities through the Global Facility for Disaster Reduction and Recovery (GFDRR), and utilizing natural disaster insurance mechanism.

Private capital mobilization is essential for both mitigation and adaptation. Japan seeks the IFC and the Multilateral Investment Guarantee Agency (MIGA) to formulate a plan for further private capital mobilization and to report the implementation. And in order to facilitate private finance to be invested to build the sustainable society, it is also important to encourage financial institutions to voluntarily disclose climate-related information based on recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). To provide technical assistance in this area, Japan will extend support through the Comprehensive Japan Trust Fund in IFC.

### **(iii) Digital development**

Digitalization brings about opportunities for inclusive and sustainable growth. The COVID-19 pandemic has changed our lifestyles, and the importance of digital development has become increasingly apparent. Digital development is now essential in every aspect of our lives, not only for digital infrastructure, such as communications systems, but also for critical infrastructure, including electricity, water, and public transportation, as well as for social services such as education and health.

In order to ensure that the advantage of such digital development will be properly demonstrated and its benefits will not be lost, it is absolutely necessary to assure cybersecurity and data privacy. The WBG should mainstream this perspective in its various support programs, and Japan expects the WBG to review its ICT Policy. Japan will provide support in this area, including through additional contributions to the Cybersecurity Multi-Donor Trust Fund.

In developing quality infrastructure adapted to cybersecurity, it is important that the relevant knowledge be shared among developing countries through the WBG's project preparation support or procurement support. Japan will help this with contributions to the Quality Infrastructure Investment Partnership (QIIP) Trust Fund.

### **(iv) Securing debt transparency and sustainability**

Securing debt transparency and sustainability is indispensable for sustainable economic growth in developing countries.

We have yet to see any debt treatment provided since the agreement by the G20 and Paris Club on the Common Framework last year. The Debt Service Suspension Initiative (DSSI) will expire at the end of 2021. In this context, the G20 has committed to implement the Common Framework in a timely, orderly, and coordinated manner. Japan expects the G20 to efficiently address debt vulnerabilities in developing countries within predictable timeframes by setting deadlines under this framework. Debt treatments should be swiftly provided to the three countries which have already requested treatments under the Common Framework. Japan expects the Common Framework to effectively function in supporting countries facing debt vulnerabilities more broadly.

To prevent future crises, Japan expects the World Bank and the IMF to step up their efforts of analyzing issues related to debt transparency and providing debt-related technical assistance. Furthermore, Japan calls for progress in debt data reconciliation (DDR) of debtor countries proposed by the World Bank and the IMF. It is important for debtor countries to understand accurate debt data and enhance capacity to properly manage their debt through DDR. It is also crucial for both debtor and creditor countries that accurate Debt Sustainability Analyses will be conducted based on reconciled debt data. Japan expects the World Bank to urge debtor countries to step up their efforts to secure transparency and accuracy of debt data under the Policy Commitment in IDA20. At the same time, we expect the World Bank, together with the IMF, to call on creditor countries to cooperate on DDR, through the Program of Creditor Outreach (PCO) under the Sustainable Development Finance Policy (SDFP). To support World Bank's debt-related activities, Japan is pleased to announce its contribution of US\$1.5 million to the World Bank's Debt Management Facility Phase III for its activities in FY22.

We must not forget domestic resource mobilization (DRM) as measures to reduce excessive dependence on borrowings and achieve sustainable finance for resilient recovery, and thereby to secure fiscal room for future crises. DRM will also contribute to improving developing countries' capabilities in governance and public financial management through enhancing their ownership in funds. From this perspective, Japan expects that developing countries will continue their DRM efforts and ensure the transparent and efficient use of mobilized financial resources, as mentioned in Abidjan's Declaration adopted in July this year. In order to assist the DRM efforts of developing countries, including those in the Asia-Pacific region that are facing a significant decrease in tax revenues due to the COVID-19 pandemic, Japan is pleased to announce its contribution of US\$1.5 million to the Global Tax Program.

#### **4. IDA20 Replenishment**

Continuous support by the WBG is vital for low income countries, which have been severely affected by the COVID-19 pandemic, to overcome the crisis as soon as possible and achieve a green, resilient and inclusive recovery. The unprecedented one-year advancement of IDA20 will deliver a strong message of global solidarity. It is important for the international community to work together towards the final meeting to be held in Tokyo in December this year. Japan will continue to actively participate in the discussions.

#### **5. Concluding remarks**

The WBG is one of the few entities capable of providing support from the aspect of both funds and knowledge in various sectors through cross-sectoral approaches.

Japan expects the WBG to play a leading role in achieving a resilient recovery and promoting prevention and preparedness for future crises, under the leadership of President Malpass, in proper cooperation with the IMF and other MDBs. Japan is committed to further developing its long-standing partnership with the WBG and providing active support across many fronts, including finance, policies and human resources.