<u>Statement by Kanda Masato</u> <u>Vice-Minister of Finance for International Affairs, Ministry of Finance</u> <u>Temporary Governor of Japan</u> <u>At the Fifty-Seventh Annual Meeting of the African Development Bank and</u> <u>the Forty-Eighth Annual Meeting of the African Development Fund</u>

Accra, Republic of Ghana, May 25, 2022

1. Introduction

Mr. Chairperson of the Board of Governors, Mr. President, Governors, Ladies and Gentlemen.

On behalf of the Government of Japan, I am honored to address the Annual Meetings of the African Development Bank and the African Development Fund. I am delighted that the Annual Meetings are being held in person after two years of fully virtual meetings. I would also like to express my sincere gratitude to the warm welcome extended by the Government of the Republic of Ghana and by the people of Accra.

African countries are facing compounded crises. In addition to the various causes such as the COVID-19 pandemic, climate change and debt issues, Russia's war is exacerbating the situation. Russia's aggression against Ukraine is a unilateral attempt to change the status quo by force and a blatant violation of international law that undermines the foundations of the international order. Moreover, atrocities against civilians are breaches of international humanitarian law and war crimes. Maintaining peace is indispensable for international economic and social cooperation, including development assistance for developing countries, and therefore, Russia's acts to nullify such efforts are absolutely intolerable. Japan vehemently condemns these acts.

Just when African countries are trying to get out of the COVID-19 crisis and heading for a sustainable growth path through green and digital development, negative impacts of Russia's aggression against Ukraine have spread globally, including African countries, through rises in energy and food prices, and via trade and financial channels. In addition, these multi-layered challenges have exacerbated the debt situation of African countries. To overcome these challenges, the role of the AfDB Group as the premier development financial institution of Africa has become even more important.

2. Expectation for the AfDB Group and Support from Japan

In order for African countries to overcome such compounded crises they face and achieve sustainable and inclusive growth, (1) sustainable agriculture to ensure food security and nutrition, (2) effective energy transition and adaptation measures, (3) strengthening health sector support, and (4) restoring debt sustainability and securing debt transparency are essential. I would like to elaborate on my expectations for the AfDB Group and Japan's commitment for further cooperation.

(1) Sustainable agriculture to ensure food security and nutrition

Firstly, agriculture is an indispensable component of Africa's economic and social development. Increasing agricultural productivity and improving and maintaining people's health through nutrition are important and must be achieved without placing stress on the environment. I highly appreciate the "Climate Resilient Agriculture" initiative advocated by President Adesina, which will increase agricultural productivity by utilizing innovative technologies while enhancing climate change responses. Food crises caused by Russia's aggression against Ukraine have reminded us of the importance of proactive support for African countries in food security and nutrition. Japan expects the AfDB Group's active involvement. On our side, through our bilateral trust fund, the Policy and Human Resources Development Grant of Japan (PHRDG), Japan will support agricultural projects contributing to increased productivity and reduced environmental stress by using cutting-edge digital technologies.

(2) Effective energy transition and adaptation measures

In order for the entire international community to achieve the global goal of "net zero," it is essential that all countries promote maximum reduction of greenhouse gas emissions. However, energy access and economic growth of African countries should not be sacrificed. It is important to draw an effective and realistic pathway towards a transition that balances development and climate change response under each country's circumstances, and to provide comprehensive support along such a pathway. Japan expects the AfDB Group to actively support such endeavors.

Japan believes that identifying the best available option based on the technical feasibility and economic affordability of each country, and supporting energy sources for that transition even if between "green" and "non-green" including natural gas, will

ultimately lead to a maximum reduction of cumulative greenhouse gas emissions. In African countries, which are also vulnerable to natural disasters, it is important to put weight on those support programs that contribute to "adaptation" and to promote construction of infrastructure that is resilient to natural disasters through quality infrastructure investment. Through our trust fund, the Fund for African Private Sector Assistance (FAPA), Japan will provide technical assistance to promote such realistic energy transitions and quality infrastructure investment.

(3) Strengthening health sector support

We have learnt from the COVID-19 pandemic experience the importance of strengthening health systems for prevention, preparedness, and response (PPR) and promoting universal health coverage that contributes to enhancing PPR. The "Quality Health Infrastructure" concept advocated by President Adesina exactly relates to this approach, and we look forward to its implementation built on the AfDB's knowledge and expertise on the specific situations in Africa. In order to promote these efforts, Japan will actively support African countries formulate health infrastructure strategies and provide capacity-building for implementing agencies through Japan's bilateral trust funds.

(4) Restoring debt sustainability and securing debt transparency

In African countries facing severe debt vulnerability, it is important to restore debt sustainability under the Common Framework (CF). It is essential to show concrete success cases of the three African countries that have already requested debt treatment under the CF. We also need to promote prompt implementation of debt treatments and enhance the predictability of the process more broadly. In cooperation with the AfDB Group, Japan would like to engage in outreach activities to enhance African countries' awareness of the benefits of resolving debt issues through the CF. In addition, debt data transparency and accuracy are critical to secure stable financial flows. Japan expects the AfDB Group to play a leading role in debt transparency issues, to provide capacity-building assistance to debtor countries as well as to encourage creditor countries to cooperate in providing accurate debt data. Japan will support the AfDB Group's efforts to address debt issues through seminars and workshops for improving debt management.

3. Japan's Cooperation with AfDB

The AfDB Group has been a long-standing partner of Japan in supporting Africa. In order to support the AfDB's efforts to address key issues mentioned above, Japan will newly contribute a total amount of approximately \$20 million through Japan's bilateral trust funds, PHRDG and FAPA. We would like to continue to utilize these funds effectively and further strengthen our partnership with the AfDB Group.

As for business development activities, Japan expects the External Representation Office for Asia located in Tokyo to play an important role, including business matching between African companies and companies in Japan and the region, and to actively engage in outreach and recruitment.

4. Closing

In 2022, we will be holding the 8th meeting of TICAD, which is being held every three years. TICAD has been a major international forum, open to a wide spectrum of partners, to discuss together the sustainable and inclusive growth of Africa. Japan respects African ownership and will continue to encourage sustainable development driven by Africa, even more strongly, together with the AfDB Group for TICAD8.

Let me conclude by expressing my high expectation that the AfDB Group, under the strong leadership of President Adesina, will continue to play a leading role in achieving sustainable and inclusive development in African countries.

Thank you.