Statement by

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(VIRTUAL)

1. Introduction

First of all, Japan appreciates that the Development Committee meeting is held, even virtually, and we have a chance to discuss important development issues. We would like to express our gratitude to all who made it possible.

With the global outbreak of COVID-19, the developing countries, especially low-income countries which need international support, are facing broader social and economic challenges.

Under these circumstances, Japan commends the prompt support for developing countries by the World Bank Group (WBG).

2. Japan’s support in partnership with the World Bank Group

Japan has long been collaborating with the WBG, on development agendas including global health, debt transparency and sustainability, Quality Infrastructure Investment, and resilience against natural disasters. The pandemic of COVID-19 has highlighted the importance of accelerating our efforts on these agendas to help developing countries recover from the crisis and achieve sustainable growth.

(1) Strengthening global health

Global health is a development policy agenda that Japan has been championing, and in response to the spread of COVID-19, Japan will maintain its commitment to taking the lead in the international community by leveraging its knowledge and experiences.

(i) Manufacturing and distribution of health and medical products in developing countries

In order to contain the spread of COVID-19, it is essential to accelerate the development, manufacturing and distribution of health and medical products including vaccines, medicines and diagnostics, and to ensure equitable and affordable access by all people to these products.

As part of our collective actions to accelerate the development, manufacturing and distribution of vaccines and medicines to all, Japan has been calling for a patent pool that promotes voluntary licensing of medicines. We also highlight the need to increase capacities, including generic producers in developing countries to manufacture vaccines and medicines.

In this regard, Japan commends that International Finance Corporation (IFC) launched the Global Health Platform in July 2020 with the aim of mobilizing private investment to expand manufacturing and supply
capacity for health and medical products. We also welcome the World Bank’s proposed financing to support developing countries to purchase and deploy COVID-19 vaccines. To support these WBG’s efforts, Japan, in collaboration with IFC, intends to provide US$ 10 million through IFC-managed trust fund to finance project preparation as well as capacity building for private companies and health care facilities in developing countries.

(ii) Prevention, preparedness and response to pandemics and Universal Health Coverage (UHC)

Strengthening preventive measures and prompt response at an early stage is critical to prevent pandemics. In particular, it is essential to detect and diagnose suspicious cases promptly, treat patients at an early stage, and trace their interactions with other people. These kinds of prompt response require developing health-related human resources, securing medical equipment and supplies, developing health facilities and infrastructure, and building medical network that enables nationwide coverage of health services.

Japan has been highlighting the importance of Universal Health Coverage (UHC) and health financing for moving towards UHC. In 2019, under the Japanese presidency, G20 Finance and Health Ministers held a joint meeting, where the ministers affirmed their commitment to “G20 Shared Understanding on the Importance of UHC Financing in Developing Countries”. Promoting UHC leads to strengthening of prevention, preparedness and response to pandemics, and thus, UHC is imperative for ensuring the sustainability of economic and social activities.

The WBG is a critical partner for Japan to promote UHC. Japan will continue to work together with the WBG to assist developing countries in increasing their capacity for preparedness and response to infectious diseases, and to provide grass-root community-level support through NGOs, by utilizing "Health Emergency Preparedness and Response Multi-Donor Trust Fund (HEPRTF)", launched this June, and other World Bank-managed trust funds.

Moreover, to strengthen the preparedness for infectious disease, it is also useful to learn from the experiences regarding preparedness for natural disasters accumulated over the years. We will promote the sharing of knowledge by making full use of the Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries. Toward building a more resilient society, Japan will strengthen collaboration between global health and disaster risk management.

(2) Ensuring the debt transparency and sustainability

Heightened debt vulnerabilities in some low-income countries are serious concerns of the global community. To ensure sustainable economic growth in developing countries, we need to take measures to structurally improve solvency of these countries, on top of liquidity support by the Debt Service Suspension Initiative (DSSI).

In this regard, we have taken two big steps forward: the G20’s decision on the DSSI extension and the G20’s agreement in principle on the "Common Framework for Debt Treatments beyond the DSSI". The G20 must finalize and publish the Common Framework at the G20 Finance Ministers and Central Bank Governors meeting in November 2020, to meet the expectations of developing countries and the global community.

All official bilateral creditors should implement the DSSI and debt treatment beyond the DSSI fully and in a transparent manner. Private creditors should also provide debt treatment at least as favorable for developing countries as that provided by official creditors. In addition, the WBG and the IMF should effectively support steady implementation of reforms by authorities of these countries. In particular, we expect the WBG to set optimal Performance and Policy Actions (PPAs) under the Sustainable Development
Financing Policy (SDFP) introduced since International Development Association 19th replenishment (IDA19), in consistent with IMF-supported programs.

Debt transparency is also the core element of the DSSI and debt treatment beyond the DSSI. We expect the WBG and the IMF to continue their work to enhance debt transparency and endure accuracy of debt data and urge all official bilateral creditors to cooperate with them on their Debt Data Reconciliation.

To make these efforts truly effective, the WBG should step up its efforts in building capacity of developing countries to ensure debt transparency and sustainability in these countries. Japan is pleased to announce its contribution of US$1.5 million to the World Bank’s Debt Management Facility Phase 3 (DMF III) for its activities in FY21. Moreover, Japan looks forward to the WBG and the IMF that make efforts to strengthen Domestic Resource Mobilization (DRM) in developing countries.

(3) Developing infrastructure and core industry

Japan has been working with the WBG to promote Quality Infrastructure Investment. For the next step, in the recovery stage from the COVID-19 crisis, we should make efforts to further promote Quality Infrastructure Investment as well as to develop new industries and to create employment, for developing countries to achieve inclusive and sustainable growth.

To this end, sharing Japanese knowledge and expertise through such undertakings as the World Bank Tokyo Development Learning Center (TDLC) will continue to play an essential role. Japan also continues to provide its support for improving the procurement in view of Life-Cycle-Cost and strengthening Infrastructure Governance including macro-level debt sustainability in developing countries, making full use of the Quality Infrastructure Investment Partnership Fund and the Global Infrastructure Facility (GIF).

Also, COVID-19 revealed the vulnerabilities in existing supply chains and showed the importance of building new supply chains with diversified production bases. Japan calls on the WBG, with its expertise, to take a leading role in this area.

3. Governance of the World Bank Group

The international community should make its collective effort to support developing countries amid the COVID-19 crisis, and the WBG should continue to play a pivotal role.

Under the current crisis, the international community should be united to focus on response to the COVID-19 crisis first. Therefore, Japan declares its position that we need to complete the IBRD and IFC Shareholding Review immediately, concluding that no further work is required and no shareholding adjustment necessary at this time.

On the other hand, IDA, which supports low-income countries severely affected by the crisis, is frontloading its resources to FY21, and it is foreseeable that IDA will eventually fall short of its resources to meet the needs of low-income countries during the IDA19 period. Therefore, Japan emphasizes the importance of starting the discussion immediately on IDA’s financial capacity to secure that it will continue to meet the needs of low-income countries for sustainable recovery and growth.

4. Concluding remarks

Japan looks forward the WBG, under the strong leadership of President Malpass, to play an active role in addressing the COVID-19 crisis and consequently building a scenario for recovery from the crisis, while harnessing its deep knowledge and extensive network and collaborating with the international community.
Japan has emphasized the importance of global health, debt transparency and sustainability, Quality Infrastructure Investment, and resilience against natural disasters, and these agendas are getting even more important in recovering from the COVID-19 crisis and achieving sustainable growth. With this in mind, 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.

Finally, we would like to express our sincere gratitude to Mr. Philippe Le Houérou, the former CEO of IFC who retired on the end of last month, for his leadership and contribution to strengthen the partnership between the WBG and Japan.