

**Statement by the Honorable ASO Taro**  
**Deputy Prime Minister and Minister of Finance of Japan, Governor for Japan**  
**at the Fifty-fourth Annual Meeting of the Board of Governors of**  
**the Asian Development Bank (ADB)**  
**(May 5, 2021)**

**1. Introduction**

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

The spread of COVID-19 has been significantly affecting Asia and the Pacific region. Many people in the region have been thrown back into poverty and put in a vulnerable situation. It is important to overcome this crisis and achieve resilient recovery by enhancing preparedness for the next crisis, while building a sustainable society and the foundation for growth in the future.

**2. Overcoming the COVID-19 Crisis**

The containment of COVID-19 is a key to overcoming the current crisis. To this end, it is essential to further accelerate the development, manufacturing, and distribution of vaccines, medicines, and therapeutics in order to ensure equitable access for all people, including in developing countries.

Under the strong leadership of President Asakawa, the ADB has been providing swift support to its developing member countries (DMCs) from the very beginning of the COVID-19 pandemic, including an emergency assistance package of \$20 billion announced in April last year. Last December, the ADB launched a \$9 billion vaccine initiative, the Asia Pacific Vaccine Access Facility (APVAX), offering strong support to DMCs for the procurement and delivery of effective and safe COVID-19 vaccines. Japan highly appreciates such efforts by the ADB and will continue to support the ADB's response to COVID-19 including through the Japan Trust Fund.

**3. Resilient and Sustainable Recovery**

In achieving resilient and sustainable recovery while continuing to address the COVID-19 pandemic, Japan would like to highlight the following as important policy issues.

(i) Universal Health Coverage (UHC)

Japan has long been emphasizing the importance of promoting UHC. Promotion of UHC contributes not only to strengthening health systems for prevention, preparedness,

and response to the next pandemic, but also to ensuring inclusive and sustainable growth. Strengthening accessible and affordable health systems is important in tackling pandemics such as COVID-19, and it also helps countries in the region with various income levels to address emerging health issues including aging and non-communicable disease such as lifestyle related disease.

Japan expects the ADB to play a central role in promoting UHC by identifying development needs of each country as a reliable partner in the region, and by providing proper support to them. To this end, Japan will provide \$15 million to the Japan Trust Fund in the ADB to accelerate support for UHC in three pillars: (i) building institutional framework, (ii) accelerating human resources development, and (iii) investing in infrastructures.

#### (ii) Climate Change / Disaster Risk Management

Climate change is a challenge to be addressed globally in the coming recovery phase, and this is no exception for Asia and the Pacific region. Tackling global warming is important to achieve sustainable economic growth, and Japan expects Multilateral Development Banks including the ADB to deliver on their climate finance targets and to actively mobilize private financing.

All stakeholders including major emitter countries should work towards de-carbonization. To this end, we should provide support to intermediary areas in between “green” and “non-green” rather than follow a binary classification, and transition finance should be promoted to advance this inclusive approach. Japan expects these points to be reflected in the new ADB energy policy, which will be revised this year as a next-generation guidance to facilitate de-carbonization and economic growth in DMCs.

Furthermore, it is critical to support not only mitigation measures but also adaptation measures including enhancement of resilience to natural disasters. Japan calls for the ADB to further strengthen support in this area.

#### (iii) Quality Infrastructure Investment (QII)

Huge infrastructure gaps still remain in DMCs. In order to achieve robust growth in DMCs in the recovery phase from the pandemic, it is necessary to promote QII that serves as the foundation for growth, including digital and green infrastructure, taking into account the economic and social changes due to the spread of COVID-19.

In this regard, it is important for DMCs to deepen knowledge and understanding of G20 Principles for QII and to implement them steadily. Japan expects the ADB to actively share its knowledge with DMCs through project preparation and technical assistance, and to promote QII with due consideration to safety, including cybersecurity and data privacy, as well as inclusiveness, openness, sustainability, and governance,

among other principles.

#### (iv) Domestic Resource Mobilization / International Tax Cooperation / Debt Transparency and Sustainability

In order to support investment for resilient and sustainable recovery, domestic resource mobilization (DRM) is critical.

DRM has long been a challenge in the region, and DMCs are now facing further deterioration of their fiscal situation due to increasing fiscal spending and decreasing tax revenues caused by the COVID-19 pandemic.

Under these circumstances, it is important to strengthen DRM through expansion of tax base, enhancement of tax compliance, improvement of tax administration's capacity, and modernization of tax system in response to the digital economy. Cooperation among development partners is essential to maximize effectiveness of such efforts. From this perspective, Japan welcomes the leadership of President Asakawa to establish the Asia Pacific Tax Hub to promote DRM and international tax cooperation, taking advantage of his abundant experience and excellent knowledge in this area.

Given the exacerbated debt situation in DMCs, securing debt transparency and sustainability is also critical. As the ADB has a deep knowledge about DMCs' situation, Japan expects the ADB to play its vital role actively in the field of public finance management, especially through capacity building efforts.

#### **4. Japan's Contribution through the Japan Trust Fund**

The impact of the COVID-19 pandemic is estimated to have pushed additional 78 million people back into extreme poverty, and the most vulnerable communities are especially stuck in a difficult situation again. The pace of recovery is mixed depending on the country and the sector, and inequality is widening within and across countries. At this difficult juncture, it is important to provide sufficient support to vulnerable population in order not to marginalize them in the pathway toward inclusive growth.

In order to address Japan's four priority areas for sustainable and strong recovery mentioned above, and to continue our support for vulnerable communities hit hardest by COVID-19, Japan will further contribute to the ADB's efforts through enhanced new JFPR, Japan Fund for Prosperous and Resilient Asia and the Pacific.

#### **5. Graduation Policy**

In the recovery phase of the COVID-19 pandemic, it is critically important for the ADB to prioritize its assistance for lower-income or vulnerable countries which are hit hard by the COVID-19 pandemic, in order to make effective use of its limited resources.

In this regard, the ADB should carry out the assessment of DMCs that are above the

income threshold of the graduation policy, based on the objective and systematic framework. This should help narrow the scope of ADB's support to what is truly required to meet graduation criteria in both quality and quantity, and facilitate the steady progress of those DMCs towards graduation. Japan appreciates the ADB for undertaking proper efforts in such direction, and asks the ADB to steadily follow-up on relevant countries' progress towards graduation.

## **6. Concluding Remarks**

Japan expresses its respect to the ADB staff members who continue to dedicate themselves to their tasks with high performance amid the unprecedented difficulties due to the spread of COVID-19. It is important that the ADB continues to provide seamless support for reconstruction drawing on its efforts so far under the superb leadership of President Asakawa since the beginning of his presidency in January 2020. Japan expects the ADB to continue tackling various difficult issues and play a central role in leading the resilient and sustainable growth of Asia and the Pacific region.