

**Statement by Takakazu Seto, Parliamentary Vice-Minister for Finance
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**At the Fifty-Ninth Annual Meeting of the African Development Bank and
the Fiftieth Annual Meeting of the African Development Fund**

Nairobi, Republic of Kenya, 29 May 2024

1. Introduction

Japan conveys its deepest condolences to the victims and their families severely affected by the floods in the Republic of Kenya.

On behalf of the Japanese Government, I would like to express my heartfelt gratitude to the Government of the Republic of Kenya for hosting the Annual Meetings of the AfDB Group. I also celebrate the AfDB's 60th anniversary.

2. Development Challenges in Africa

Africa is a land of promise. It is endowed with abundant natural resources, as well as the world's fastest growing working age population. It undoubtedly has huge potential to attain high growth, create jobs, and build a solid economic structure for future generations. At the same time, the region is struggling with a wide range of development challenges such as poverty, food insecurity, conflict and fragility, climate change, energy transition, and rising debt. It is time for the African Development Bank Group, equipped with its new Ten-Year Strategy and as the trusted partner in the region, to foster its support to the countries on the continent.

3. Reform of the Global Financial Architecture

It is no coincidence that the G20 stresses the need to deliver better, bigger, and more effective multilateral development banks (MDBs): The AfDB *must* be better in terms of operations and strategy, bigger through financial innovations, and more effective through its enhanced partnerships and institutional model. Let me touch upon four topics that I believe will be critical for Africa's transformation, in the context of the ongoing reform of the global financial architecture.

4. Expectation for the AfDB Group and Japan's Support

First, Japan welcomes the AfDB's great achievements on the G20 Capital Adequacy Framework (CAF) implementation, including the issuance of the first

MDB hybrid capital. We request the AfDB continue its steadfast efforts on this front, including not least the SDR Channeling. Further, we count on the AfDB's strong commitment to enhancing its communication with CRAs.

Second, a renewed priority should be given to the support to low-income countries. Japan remains committed to participating proactively in the discussion on the African Development Fund (AfDF) -16 Mid Term Review, which comes in the latter half of this year. The proposed Moderately Concessional Loans, if designed properly, could be a game changer that enables the AfDF client countries to invest more in transformative projects.

Third, I would like to stress the importance of green and climate finance. In light of the increasing needs for climate finance, the mobilization of private capital will be vital in the region. As announced by Prime Minister Kishida at COP28, Japan provided \$10 million to the Alliance for Green Infrastructure in Africa, which we expect will help scale-up both private and public financing for green infrastructure projects. Further, the Enhanced Private Sector Assistance for Africa (EPSA), an epitome of Japan-AfDB cooperation, provides various support for private sector development for the purpose of fostering green growth. To forge these efforts going forward, the External Representation Office for Asia in Tokyo could play a key role in mobilizing Japanese companies' expertise.

Fourth, we must address growing debt vulnerabilities in the region. Under the EPSA-5, Japan established the Special Window of up to \$1 billion to support African states that are engaging in reforms for enhancing debt transparency and sustainability and thereby making steady and significant progress. Further, it should be stressed that technical assistance is a key tool to improve debt management and transparency, as highlighted at the G7-Africa Ministerial Roundtable, which Japan hosted last October. We count on the AfDB's leadership role in this regard, and will support its efforts through Japan's bilateral trust funds.

5. Closing

The strategic importance of the AfDB is even more enhanced under the strong leadership of President Adesina. To address the development challenges in the region, Japan supports the proposed AfDB's General Callable Capital Increase to

maintain its lending volume. We continue to count on the AfDB's contribution not only to the continent, but also to the rest of the world.

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