

Submission by the Government of Japan on

Possible Elements to be Included in an outcome of FfD4

0. Context

In 2015, the global community adopted the 2030 Agenda to address critical challenges like poverty, inequality, and climate change through the SDGs. However, nearly a decade later, progress is at risk and these challenges still have been threatening both **human dignity and security**.

At the heart of this challenge lies development financing. As development needs grow due to the increasing complexity and severity of global issues, funding—particularly ODA—has reached its limits. This situation has become even more urgent since the adoption of the Addis Ababa Action Agenda.

To bridge the financial gap, member states must strengthen **global solidarity, a key principle upon protecting the most vulnerable and upholding human dignity, the foundation for all form of international cooperation**. The Addis Ababa Action Agenda provides a roadmap, emphasizing coordinated efforts to mobilize and allocate resources efficiently. Japan advocates for strategic partnerships and innovative financing, **ensuring human security remains at the core of development efforts**, through the implementation of its Development Cooperation Charter, based on **the concept of "co-creation"**. This approach, we believe, will contribute significantly to achieving the SDGs and ensuring that “no one left behind”.

Now, more than ever, **financing from all sectors is essential**. What is needed now is not incremental change but a bold, collective approach that **prioritizes human security**, strengthens cooperation, and accelerates progress toward achieving the SDGs. We should sustain our efforts to build the future we want by addressing existing, new and emerging challenges to sustainable development by 2030 and beyond.

1. A global financing framework (including cross-cutting issues)

- **Our unyielding commitment to mobilizing more resources must go hand in hand with our continuous effort to translate resources into desired development outcomes in a more effective manner.** This means that we need to ensure transparency and accountability in development finance, **addressing the challenges to the survival, livelihood, and dignity of all people.** Merely increasing resources will not guarantee the achievement of the SDGs. We need to ensure that our resources are properly allocated to strategic priorities and value for money is fully maximized in making progress and impacts towards the SDGs.
- **Thus, improving the quality, effectiveness, and impact of development finance must be high on our global agenda for years to come.** It should definitely be an essential part of the global financing framework. We are fully convinced that if we are to reach the SDGs, we, as the international community, must continue our efforts to ensure the efficient and effective use of resources for development outcomes.
- We should continue to improve the effectiveness of our development cooperation. To this end, **it is important to integrate the principles of effective development cooperation – country ownership, focus on results, inclusive partnership, and transparency and mutual accountability – into our policy and practice.** Equally important, we must work together in a genuine global partnership such as through the Global Partnership for Effective Development Co-operation (GPEDC),¹ and learn from each other, in order to strive for better development outcomes.

2. Domestic public resources and Financing from All Sectors

- **Domestic resource mobilization is crucial for achieving SDGs.**
- In the area of tax, **strengthening capacity-building frameworks and providing technical assistance to enhance domestic taxation and tax institutional capacity** are urgent and essential to improve domestic

¹ Established in 2012, the Global Partnership for Effective Development Co-operation (GPEDC) is a multi-stakeholder body committed to strengthening the effectiveness of development cooperation. It brings together governments, bilateral and multilateral organizations, civil society, the private sector, and representatives from parliaments and trade unions. GPEDC is jointly supported by the Organisation for Economic Co-operation and Development and the United Nations Development Programme.

public resource mobilization.

- **In terms of the UN Framework Convention on International Tax Cooperation, it is pivotal to reach broad consensus for promoting inclusive and effective international tax cooperation, while respecting the ongoing negotiation on this item in a different forum.**
- While private sector investment is indispensable for achieving the SDGs, public resources remain the cornerstone of development financing, **ODA should serve as a catalyst for private investments, fostering public-private partnerships that promote sustainability.**
- **ODA must be accompanied by efforts to further mobilize domestic public resources, strengthen domestic policy, and attract private investment from both domestic and foreign sources.**
- **Expanding the donor base of international cooperation, including contributions from emerging economies, is critical** for addressing the global financing needs of the SDGs.
- **Mobilizing private sector resources, both domestically and internationally, is essential to fill the financing gap for sustainable development.**
- Financial instruments such as **blended finance should be utilized to encourage private investment** in SDG-aligned projects.
- **We welcome the ongoing efforts made by the MDBs to leverage private capital through innovative financing models and new partnerships to maximize their development impact.**

3. International Development Cooperation (Sectoral Focus Areas)

- **Each country has the primary responsibility for its own sustainable development. We must ensure good governance, transparency, respect for human rights and the rule of law, and gender and youth empowerment.**
- **ODA can play a significant role in reducing risks for private investors, particularly in frontier markets and high-risk sectors such as disaster risk reduction, education, and healthcare.**
- It is also important to scale up and fulfil our respective ODA commitments, including the commitment by most developed countries to reach the goal of 0.7 per cent of gross national income for ODA and 0.15 to 0.20 per cent of gross national income for official development

assistance to least developed countries.

- **Discussions on the modernization of measurements of ODA should also be continued**, while adhering to existing commitments.

(1) Disaster Risk Reduction (DRR)

- **Disaster risk reduction** is integral to sustainable development but **remains significantly underfunded**. The **Sendai Framework for Disaster Risk Reduction (2015-2030)** calls for **increased access to development financing, particularly in vulnerable regions such as LDCs and SIDS**.
- **ODA for DRR must shift from emergency aid** (currently 90% of disaster-related ODA) **to preventive investments**, which account for only 4.1%. Investments in resilient infrastructure offer significant returns—every dollar spent can generate \$4 to \$7 in benefits, particularly in disaster-prone regions like the Asia-Pacific.
- **Prioritizing disaster prevention investments will reduce future liabilities and foster economic resilience**.
- **We are committed to advance DRR as a global priority with a forward-looking vision extending beyond 2030**.

(2) Quality Infrastructure Investment

- Self-reliant development requires connectivity, which promotes socio-economic development of countries through investment, business and trade. Among various factors, **infrastructure is a fundamental driver of economic growth and poverty reduction, yet many developing countries face critical financing gaps in this area**.
- **Public resources should focus on crowding in private capital to build quality, reliable, sustainable, and resilient infrastructure**. This includes leveraging blended finance and encouraging infrastructure-related investments through innovative financial tools such as infrastructure funds, guarantees, and project bonds.
- To maximize the positive impacts of infrastructure investment, attention should be paid to openness, transparency, economic efficiency in view of life cycle cost, and debt sustainability, by combining the promotion of infrastructure development and capacity development, such as through institutional development, participation in management and maintenance,

and connectivity enhancement via human resources development.

(3) Education

- Education is a powerful tool for economic empowerment, and **quality education is one of the best long-term investments in human capital. Financing for education, particularly through ODA, should target underserved areas** such as girls' education and Science, Technology, Engineering, Mathematics (STEM).
- ODA should prioritize closing **gender gaps in education**, ensuring that **financial resources are directed toward creating equitable access for women and girls**.
- Improving access to STEM fields, particularly for women and girls, is essential for sustainable development. More financing is needed to address barriers in STEM education and promote research and employment opportunities in these sectors.

(4) Healthcare

- We should recognize that **strengthening healthcare systems requires enhanced domestic resource mobilization and targeted financial support to ensure universal health coverage (UHC)** and equitable access to health services. Financing strategies must focus on building resilient health systems that can withstand future pandemics and other public health emergencies.
- Specifically, it is **important to continue to pursue policies towards adequate, sustainable, effective and efficient health financing and investments in UHC and health systems** strengthening through close collaboration among relevant authorities, including finance and health authorities.
- We recognize the need to **strengthen the Global Health Architecture (GHA), with the World Health Organization (WHO). Strengthening the GHA and Pandemic, Preparedness and Response (PPR) requires public and private financing**. We commit to strengthening coordination between Finance and Health tracks for pandemic PPR and to continue exploring innovative mechanisms for response financing.
- **ODA should continue to play a role in addressing global health inequalities, particularly in low-income countries, through**

investments in healthcare infrastructure, personnel training, and the provision of essential medicines and technologies.

(5) Peacebuilding

- **Peacebuilding requires a comprehensive approach that integrates Humanitarian, Development, and Peace actors (the HDP nexus) and must be supported by adequate financial resources.** Sustainable development financing, including contributions from international financial institutions (IFIs) and other donors as well as innovative approaches including the impact investment, should serve as the foundation for creating and maintaining a stable order not only during or after peace operations but also in preventive measures before conflicts arise.
- **Maximizing the catalytic potential of the Peacebuilding Fund and enhancing collaboration with IFIs are essential for aligning financial resources with peacebuilding objectives.** By channeling funds effectively, we can ensure that peacebuilding initiatives are not only well-resourced but also sustainable in the long term.
- **Empowering women and youth is critical to building resilient institutions and systems that support long-term peace. Financial support focused on these groups is essential for realizing human security,** which fosters resilience at community, national, regional, and global levels. By prioritizing the empowerment of women and youth, we not only strengthen peacebuilding efforts but also enhance conflict prevention, creating a more stable and secure society.

4. International Trade as an Engine for Development

- Development finance should support trade-related capacity building, ensuring that developing countries can leverage trade as a means to achieve sustainable growth. **Efforts to enhance access to finance for small and medium-sized enterprises (SMEs) in developing countries will be key to expanding their participation in international trade.**
- **International trade plays a pivotal role in reducing poverty and fostering sustainable economic development.** Trade can be a powerful driver for inclusive growth, particularly in LDCs and other developing nations. **It is essential to promote initiatives that strengthen the**

ability of these countries to participate in the Multilateral Trading System.

- **Aid for Trade remains a cornerstone for enhancing the integration of developing countries into the global trading system.** Aid for Trade initiatives are essential for building trade capacity in LDCs and marginalized communities, allowing them to fully participate in and benefit from international trade.
- We also support efforts to diversify global supply chains, ensuring that low and middle-income countries play a more significant role. By promoting local value creation and enhancing the skills of local workers, **trade can contribute to economic empowerment and sustainable development in these regions.**

5. Debt and Debt Sustainability

- **Ensuring debt sustainability is essential for maintaining long-term economic stability in developing countries.** ODA and other development financing must be structured in ways that avoid exacerbating debt burdens.
- **It is necessary for all providers of development cooperation to adhere more closely to international standards and practices that improve effectiveness, transparency and accountability in development cooperation.**
- **The G20 Common Framework is a step forward,** but further efforts are needed to step up the Common Framework's implementation in a predictable, timely, orderly, and coordinated manner.
- **All stakeholders, including private creditors, should make joint efforts to continue working towards enhancing debt transparency.**
- We welcome the progress of the voluntary stocktaking exercise of data sharing with International Financial Institutions and call for more countries to participate.
- **Sustainable financing models must be developed to balance development needs with debt sustainability,** allowing developing countries to invest in key sectors without over-reliance on debt.
- **Partnerships between the public and private sectors can help bridge the financing gap while maintaining sustainable debt levels.**

6. Addressing Systemic Issues

- We need an international development finance system that is fit for purpose, including for the scale of need and depth of the shocks facing developing countries, in particular the poorest and the most vulnerable.
- We acknowledge the important role of the UN in global economic governance, recognizing that the **UN and the international financial institutions have complementary mandates that make the coordination of their actions crucial, while fully respecting existing governance mechanisms and mandates independent of the United Nations that preside over specific organizations and rules.**
- We welcome the ongoing efforts to deliver better, bigger and more effective MDBs by enhancing operating models, improving responsiveness and accessibility, and substantially increasing financing capacity to maximize development impact.
- We call on the MDBs to undertake comprehensive efforts to evolve their vision, incentive structures, operational approaches and financial capacities so that they are better equipped to maximize their impact in addressing a wide range of global challenges **while being consistent with their mandate and commitment to accelerate progress towards SDGs.**

7. Science, Technology, Innovation, and Capacity Building

- **Digital and emerging technologies, including AI, are crucial enablers of sustainable development**, significantly transforming our world. However, the advancement of general science and technology is fundamental to supporting science, technology, and innovation (STI), and a balanced approach is necessary.
- To drive this progress, **increased financial support for STI is essential, with a focus on ensuring interoperability** among various technologies. ODA should be strategically utilized to enhance capacity in developing countries, particularly in digital infrastructure and research.
- Public-private partnerships can further accelerate innovation and ensure that technologies are accessible to vulnerable populations.

8. Emerging Issues

- Emerging issues such as climate change, digitalization, and geopolitical

shifts require innovative financing solutions. Development finance must be flexible and adaptable to address these evolving challenges, with a focus on building resilience in the face of uncertainty.

9. Data, Monitoring, and Follow-up

- Accurate data is essential for tracking the impact of development finance and ensuring transparency. Strengthening the data ecosystem in developing countries, including through investments in technology and capacity-building, is crucial for effective monitoring and follow-up on SDG financing commitments.

10. Overarching Reflections

- The international community must ensure that development finance is aligned with the goals of sustainability, inclusiveness, and equity. Mobilizing sufficient resources for development, particularly in vulnerable regions, will be critical for achieving the SDGs by 2030. **At the same time, we must make continuous efforts to enhance the effectiveness in the use of resources for better development outcomes.**

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