

Seminar on Innovation for Inclusive Development

16 January 2019, Tokyo, Japan

Sponsored by the Ministry of Finance of Japan, the World Bank Group and the Asian Development Bank

10.00-10.30	Registration
10.30-10.45	<p>Opening Speech</p> <ul style="list-style-type: none"> Masatsugu Asakawa, Vice Minister of Finance for International Affairs, Ministry of Finance of Japan
10.45-12.15	<p>SESSION I: Technological Innovation and Development</p> <p>This session addresses the question of how developing countries can better leverage innovation for growth and jobs, and discusses how MDBs can effectively support such efforts.</p> <p>Both invention and transferring technologies from advanced to developing countries have dramatic potential to increase growth, reduce poverty, and mitigate international migration on a scale that dwarfs the magnitude of international aid flows. To this end, G20 countries spend potentially US\$20 billion per year in development assistance, including billions through MDBs, to promote the science, technology and innovation agenda. Yet, paradoxically, given these efforts and the very high estimated rates of return, firms in developing countries do very little in the way of innovation, in terms of either adoption or invention. This lost opportunity of historic magnitude demands a fresh look at how to enhance the effectiveness of developing countries' innovation policies.</p> <p>Consistent with the G20's past emphasis on structural reforms, research has shown that, in the absence of key markets and factors, or in the presence of substantial distortions, innovation in fact may not be profitable for firms or governments. However, recent research suggests that a major barrier exists in the weak capabilities of developing country managers and firm organization. The MIT-Stanford-Harvard World Management Survey, for instance, documents weak practices in areas such as plant layout, quality monitoring, long run planning and human resource policies. Without a private sector equipped with these essential capabilities, no amount of R&D subsidies, establishment of university research departments or startup labs will lead to growth.</p> <p>Well-designed public policies aimed at raising the capabilities of firms have been shown to have large impacts on productivity, and the incidence and quality of R&D. Further, several successful Asian countries, such as Singapore and Japan, have invested heavily in upgrading policies along what might be called the "capabilities escalator" during their high growth periods – systems of firm and innovation support programs spanning the range of firm and industry sophistication. On the other hand, in many developing countries with weak government capabilities, innovation policies are not leading to expected results, and assistance programs with an innovation focus are frequently fragmented, uncoordinated and overly focused on R&D activities.</p> <p>This session will address the following issues:</p> <ul style="list-style-type: none"> Illustrative examples of how some developing countries have successfully leveraged innovation and technological adoption to achieve greater development impact for inclusive growth, including cases supported by the World Bank and MDBs. Evidence on the lack of firm managerial and technological capabilities as an obstacle to technological adoption in developing countries. Evidence on the efficacy of firm upgrading and Innovation System Reviews, which assess public expenditure for and efficacy of innovation related programs, as complement to ongoing G20 work on structural reforms. Policies to help firms ascend the capabilities escalator and prepare for innovation, including policies to foment higher order technological transfer such as industry level (including agriculture) public research institutes, and STI policy. The World Bank's recent experience in assisting developing countries to identify priorities in

	<p>terms of investments and policies to support a strategic use of innovation for inclusive growth, which may be an useful approach for coordinating MDBs' efforts on STI.</p> <p>Session Chair: Ceyla Pazarbasioglu, World Bank, Vice President, Equitable Growth, Finance and Institutions</p> <p>Speaker: William Maloney, World Bank, Chief Economist, Equitable Growth, Finance and Institutions</p> <p>Commentators:</p> <ul style="list-style-type: none"> • Yasuyuki Sawada, Chief Economist and Director General, Asian Development Bank • Philip Yeo, Chairman of Economic Development Innovations Singapore and former Chairman of SPRING (Standards Productivity and Innovation for Growth) • Hernando Jose Gomez, former Head of the National Planning Department, Colombia
12.15-13.15	Lunch
13.15-14.45	<p>SESSION II: Toward Universal Health Coverage: Ensuring sustainable financing and leveraging innovation</p> <p>Countries that invest in human capital, including the health of their populations, reap substantial economic dividends. Moving closer toward universal health coverage (UHC), the goal of providing needed health services without causing financial hardship, spurs the improvements in health and financial protection that engender inclusive growth. Progress toward UHC also implies strengthening the systems and health security that protect populations from infectious disease threats and prevent the economic costs of epidemics.</p> <p>As demonstrated by Japan and other G20 countries, Finance Ministers have a crucial role to play in shaping the policies to sustainably finance the health system. Furthermore, moving towards UHC must come early in the development process to spark sustained economic progress. Yet, in many lower income countries, weak health financing stewardship and lack of sustainable financing system impedes any meaningful progress toward UHC.</p> <p>Advances in digital technology and other sciences hold the promise to transform the way health services are financed and delivered. They can expand financial inclusion and risk protection, improve the quality and efficiency of service delivery, and improve transparency and accountability. Yet, they also pose new challenges and the private and public sector have to work closely together to harness them to accelerate progress toward achieving UHC.</p> <p>Building on the momentum generated at the Tokyo UHC Forum, and the World Bank Spring and Annual Meetings, the G20 provides a unique opportunity to build consensus around crucial role for Finance Ministers to play in health financing architecture, and to share knowledge on innovative finance and service delivery .</p> <p>The purpose of this sessions to explore how the G20 can best shape and promote a global health agenda for finance and innovation towards UHC. The session will:</p> <ul style="list-style-type: none"> • Explore how innovation can contribute to more efficient health delivery and financing. • Highlight the importance of sustainable and inclusive health financing for economic development through investment in human capital. • Discuss how Finance Ministers can contribute to building sustainable health financing towards UHC, with a focus on helping sustainable growth of low-income and developing countries. <p>Session Chair: Bambang Susantono, Vice President, Knowledge Management, Asian Development Bank</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Timothy Evans, Senior Director, Health Nutrition and Population / Christoph Kurowski, Global Lead, Health Financing, World Bank Group – <i>Key pillars of an emerging consensus around a global UHC financing agenda (provision title)</i>

	<ul style="list-style-type: none"> Patrick Osewe, Chief of Health Sector Group, ADB - <i>Delivering on the promise – experience of taking opportunities of digital technology to scale to achieve UHC</i> <p>Commentators/Panelists:</p> <ul style="list-style-type: none"> Vitor Gaspar, Director of the Fiscal Affairs Department, International Monetary Fund (IMF) Olanrewaju Tejuoso, Senator and Minister of State for Health, Chairman of the Senate Committee on Health, Nigeria Indu Bhushan, Chief Executive Officer (CEO) of Ayushman Bharat (National Health Protection Mission of India) - India’s vision for UHC, its financing and the role of digital infrastructure Naoko Yamamoto, Assistant Director General for Universal Health Coverage and Health Systems of the World Health Organization (WHO)
14.45-15.15	Coffee Break
15.15-16.45	<p>Session III: Financial Resilience against Natural Disasters</p> <p>Natural disasters are key external shocks that Finance Ministers need to address to strengthen financial resilience and to sustain inclusive growth. As a large share of disaster costs continue to be shouldered by governments, Finance Ministers need to manage disaster-related contingent liabilities. Liabilities arise from both explicit commitments, but also from implicit commitments based on moral obligations and domestic expectations to support citizens, especially the poor and vulnerable, in recovering from disasters. Failure to make adequate financial plans to meet these costs may result in fiscal risks and ultimately budget volatility, or even a prohibitive increase in public debt.</p> <p>As damage to public buildings and infrastructure is one of the largest sources of liabilities and disaster related losses for governments, improved financial risk management of such assets is a key policy priority. According to the Asian Development Bank, for instance, infrastructure investments worth an estimated US\$26 trillion are needed until 2030 for the Asia and Pacific region to maintain its growth momentum and continue to eradicate poverty. Governments should develop comprehensive disaster risk financing policies and instruments, not only to enhance financial resilience for existing infrastructure assets, but also to promote the development of resilient and quality infrastructure.</p> <p>Innovative financing instruments have been developed to share the funding gap between available public resources and necessary funding to manage disaster risks. To complement government funding for disaster risks, many countries have leveraged private capital or public-private financing instruments. Domestic catastrophe insurance programs have been implemented in some G20 countries in this context. At the regional level, catastrophe risk insurance facilities have been developed to facilitate access to such insurance across countries, including the poor and vulnerable countries. With support of the World Bank, such facilities were successfully established in the Caribbean (CCRIF), the Pacific(PCRAFI), and most recently in Southeast Asia (SEADRIF), with financial and political support from partner countries.</p> <p>Technical innovation plays a key role as countries scale up the financial management of disaster-related contingent liabilities. Satellite data, for example, has improved the assessment of disaster risks and the speed and accuracy in estimating damages in the aftermath of disasters. Smart phone technology has enabled the people to access cash transfers rapidly and securely in poor and vulnerable countries. The creation of public asset databases using digital technology can provide a comprehensive risk profile and replacement values for public assets across Ministries to transfer disaster risks to private insurance or capital markets, and contribute to disaster risk reduction through better maintenance.</p> <p>The purposes of this session are to</p> <ul style="list-style-type: none"> Highlight the importance of strengthening financial resilience against disasters as part of macro-fiscal policy. Share good practices and key lessons in establishing domestic and regional disaster risk financing policies and instruments. Identify new frontiers in disaster risk finance that are relevant for Finance Ministers from developed and developing countries.

	<p>Session Chair: Ceyla Pazarbasioglu, Vice President, Equitable Growth, Finance and Institutions, World Bank</p> <p>Speaker:</p> <ul style="list-style-type: none"> • Olivier Mahul, Practice Manager, Finance, Competitiveness, and Innovation Global Practice, World Bank - <i>Boosting Financial Resilience to Disaster Shocks: Good Practices and New Frontiers</i> <p>Panel Discussion:</p> <ul style="list-style-type: none"> • Yoshiki Takeuchi, Director General, International Bureau, Ministry of Finance of Japan • Suahasil Nazara, Head of Fiscal Policy Agency, Ministry of Finance of Indonesia • Tony Burdon, Head of the Private Sector Department. UK Department for International Development (DFID) • Krishna Srinivasan, Deputy Director, Western Hemisphere Department, International Monetary Fund (IMF) • Thomas Kessler, Principal Financial Specialist (Disaster Insurance), Asian Development Bank
<p>16.45–17.00</p>	<p>Closing Remarks</p> <ul style="list-style-type: none"> • Ceyla Pazarbasioglu, Vice President, Equitable Growth, Finance and Institutions, World Bank • Bambang Susantono, Vice President, Knowledge Management, Asian Development Bank