

**Statement by Naoko Ishii,
Deputy Vice Minister of Finance for International Affairs
Executive Assistant to the Prime Minister for Global Environmental Finance
Government of Japan
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1. Introduction

Mr. Chairman, Mr. President, fellow Governors, ladies and gentlemen,

On behalf of the Japanese Government, I am honored to deliver message at the 53rd Annual Meeting of the Inter-American Development Bank (IDB) and the 27th Annual Meeting of the Inter-American Investment Corporation (IIC). I would also like to express our sincere gratitude to the Government of Uruguay for hosting these meetings, and to the people of Montevideo, for their warm welcome.

Many countries in the Latin America and Caribbean (LAC) region are middle-income countries with a relatively well-developed economy. It is also notable that there are many island countries in this region. I hope that with this in mind the IDB will contribute to the enhancement of the resilience of the LAC region by addressing development challenges, including provision of international public goods and reduction of income disparity, through initiatives such as disaster risk management, climate change and sustainable cities.

In response to the global economic crisis of 2008, the IDB took prompt and appropriate actions, including introduction of the Liquidity Program for Growth Sustainability and expansion of the Trade Finance Facilitation Program, earlier than other multilateral development banks (MDBs). At a time when the prospects for the global economy are uncertain, I would like the IDB to keep a careful watch on the situation of the regional economy while maintaining cooperation with the International Monetary Fund (IMF) and other organizations and to consider how to utilize available resources in preparation for crises.

2. Disaster Risk Management

One year has passed since the Great East Japan Earthquake occurred. I would like to once again express our gratitude for the kind support and words of encouragement given by the IDB and the LAC countries. Japan is now vigorously carrying out post-earthquake restoration and recovery work. Japan is going to actively share the lessons and know-how learned from our experiences with you so as to provide useful information for various countries' disaster risk management. By doing so, Japan intends to contribute to the establishment of more resilient communities, more resilient countries and a more resilient international community.

One of the lessons we have so far learned is that investment in disaster risk management is a rational measure. It is important to turn a disaster into an opportunity to strengthen our society's resilience, rather than just overcome the crisis and leave it behind us. For example, after the western Japan region was struck by the Great Hanshin Earthquake in 1995, we reinforced the structures of elevated roads and railway bridges across the country. As a result, at the time of the Great East Japan Earthquake, we could prevent grave accidents such as the collapse of elevated bridges of the Shinkansen line despite the violent shocks of the magnitude 9 earthquake, enabling the Shinkansen and other transportation systems to resume services at an early date.

On the other hand, problems related to excessive reliance on technology were found. After the Great East Japan Earthquake, higher-than-expected tsunami waves hit coastal zones

going over the embankments, causing devastating damage. From this, we learned that it is important not only to develop physical infrastructures but also to enhance “soft” measures, such as town-building assuming the risk of disasters, improvement of evacuation and warning arrangements and disaster risk management education.

Like Japan, the LAC region is prone to natural disasters, including earthquakes, tsunami and floods, therefore we may say that disaster risk management is one of the most important development challenges. In particular, disaster risk management is a life-and-death matter for the socially vulnerable poor. Even though investing in disaster risk management is a rational measure, one major challenge is how to efficiently implement disaster risk management measures in light of the limited fiscal resources. I hope that the IDB will provide appropriate support to countries in the LAC region so that they can implement the best mix of disaster risk management measures while taking account of the characteristics of various approaches for disaster risk management, and I would like the IDB to also play a leading role in such efforts by paying due respect to disaster risk management factors in its country strategies. The IDB’s launch of Disaster Prevention Initiative in 2006 under President Moreno’s leadership was a great act of foresight.

Japan will promote the mainstreaming of disaster risk management worldwide. One result of this effort was a seminar held under the co-sponsorship of the Japan International Cooperation Agency (JICA), the IDB, and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) on the occasion of this annual meeting. At the time of the Annual Meetings of the IMF and World Bank Group scheduled to be held in Tokyo in October this year, we will hold an international conference in disaster-hit Sendai on disaster risk management in order to share the lessons and knowhow gained from our experiences with the world and organize a visit to the disaster-affected area. I am hoping for participation by the IDB and the LAC countries.

3. Climate Change

Climate change has been one of the key global challenges. It increases the frequency of natural disasters such as torrential rains, droughts and floods. It also threatens the lives of the people and economies in the LAC region by producing various effects, including food and water problems and the loss of national land due to a rise in the sea level. A concerted and steady effort by the international community is called for to cope with such adverse effects of climate change-induced disasters, including secure implementation of the Durban Platform agreed at the COP17 last year. Among the most urgent challenges is to deal with “imminent crises” for vulnerable countries, such as island nations. In this context, we believe that the IDB should continue to mainstream climate change considerations in their assistance strategies based on the General Capital Increase (GCI) agreement.

Japan is actively helping the LAC region address climate change impacts. The monitoring by a Japanese land observation satellite “Daichi” of illegal logging has led to a reduction in destroyed forests area. In addition, Japan made significant contribution to the GCI in order to enable the IDB to proactively assist environment protection and climate change activities, which is one of the Japan’s key priorities for the IDB. Moreover, Japan is one of the largest donors of the Global Environment Facility (GEF), which is very active in tackling global environmental issues in the LAC region, including energy efficiency promotion in the Caribbean and tropical rainforests preservation in the Amazon River basin. Japan is committed to further strengthening its partnership with the GEF.

It is our honor to report hereby that the IDB and the JICA have signed a new co-financing framework of CORE, Co-financing for Renewable Energy and Energy Efficiency, in the field of energy efficiency and renewable energy and will launch it soon, with the aim to promote economic growth on one hand and address climate change issues on the other. I sincerely hope that this framework will contribute to facilitating anti-climate

change actions and providing further opportunities in which advanced Japanese technologies for environmental protection are actively exploited.

4. Sustainable Cities

Since it is said that the LAC region has one of the widest income disparities in the world, it is a critical challenge to resolve this problem. In particular, while 75% of the population of the LAC region live in urban areas, cities there suffer from vulnerabilities, including a lack of social services such as healthcare for poor people and environmental pollution. The IDB's Sustainable Cities Initiative aims at tackling those urban problems head-on, so I hope that the implementation of this initiative will contribute to the enhancement of the resilience of cities afflicted with poverty and environmental problems.

5. Preparation for Economic Crisis

The LAC region succeeded in containing the adverse impacts of the global economic crisis of 2008 and, since 2010, the region as a whole has maintained strong growth against the backdrop of rising commodity prices and capital inflows. However, it is necessary to remain fully vigilant against future risks, as the European sovereign debt problem continues to be the great risk factor for the global economy, requiring policy makers of each government to conduct careful macroeconomic management.

While the LAC economy is generally robust, some countries in the Central American and Caribbean areas are experiencing economic weakness. In order to prevent the lives of poor people, who are most vulnerable to crises, from deteriorating further, it is important for the IDB to encourage the implementation of appropriate measures to deal with poverty through dialogue with the governments of the region and to actively provide loans and technical assistance focusing on reduction of poverty and income disparity.

6. Japan's Contributions and Challenges for IDB

Japan has supported the IDB's poverty reduction efforts in the LAC region through the provision of ordinary capital and financial contributions to trust funds such as the Japan Special Fund (JSF) and the Japan Poverty Reduction Program (JPO). Moreover, in order to enhance the resilience of the LAC region, Japan will contribute to initiatives such as Disaster Prevention, Sustainable Energy and Climate Change (SECCI), and Sustainable Cities. I hope that Japan's contributions will help to overcome those critical challenges.

I would like the IDB to strengthen its operation and management by improving the development effectiveness, its operational efficiency and financial soundness so that it can address the development challenges that I mentioned in an appropriate manner. I have high regard for the IDB for having completed the formulation and revision of institutional frameworks and policies of the Agenda for Better Bank by the end of 2011 as originally agreed in the GCI negotiations. I hope that the IDB will steadily put these institutional frameworks and policies into practice.

7. Conclusion

Japan has a long history of cultural and personal exchanges with the LAC region. As for its relationship with Uruguay, the host country of this year's annual meeting, Japan celebrated the centenary of Japanese emigration to the country in 2008. In June 2011, the Uruguay government issued Samurai Bond in the Tokyo market, for which the Japan Bank for International Cooperation (JBIC) provided guarantee. Based on this history, we would like to further develop Japan's relationship with the LAC region.

I also hope that the IDB will continue to play a major role in the economic and social development of the LAC region and strengthen its role as a bridge between the LAC region and Asia, including Japan, by using its Asian office in Tokyo.

Thank you very much for your kind attention.