

**Statement by Akihiro Tsuchiya, Deputy Director-General for International Bureau,
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**At the 60th Annual Meeting of the Inter-American Development Bank and the 34th Annual
Meeting of the Inter-American Investment Corporation
Guayaquil, Ecuador, July 16, 2019**

1. Introduction

Mr. Chairperson, Mr. President, distinguished Governors, ladies and gentlemen:

On behalf of the Japanese Government, I would like to express my sincere gratitude for the warm welcome extended by the Government of Ecuador and by the people of Guayaquil at the 60th Annual Meeting of the Inter-American Development Bank (IDB) and the 34th Annual Meeting of the Inter-American Investment Corporation (IIC; branded as IDB Invest).

2. The Economy of the Latin American and the Caribbean (LAC) Region

While the global economy continues to grow, uncertainty remains high, with increasing risk such as international trade issues and volatile financial and capital markets.

Since 2016, the economic growth in the LAC region has shown a recovery trend. However, the growth is still at a lower level, compared to the global economy as a whole and to other regions. In the short term, the LAC countries need to deploy prudential economic management including improvement in fiscal situation and external positions, so that the countries respond to various risks in the near future. From a medium-to long-term perspective, in order to boost economic growth, various structural reform will be required, such as addressing the infrastructure gap, improvement in income distribution, building economic structure without overly depending on resources and business environment improvement. Japan expects the IDB Group to continue to play a proactive role in responding to these development challenges in the LAC region.

Regarding Venezuela, Japan remains concerned that the deterioration of the worsening economic and social situations has seriously affected the Venezuelan people, particularly those in vulnerable situations, and the waves of people fleeing Venezuela are causing a region-wide impact, including on neighboring countries. Faced with this situation, international cooperation is all the more important. Japan lends its support to the IDB group in its efforts to play a role that fits its mandate.

3. The Updated Institutional Strategy and the G20 Agenda

We welcome the approval by the Board of the Governors during this Annual Meeting of the updated Institutional Strategy. The updated Institutional Strategy is an important policy document, setting priorities of the IDB Group for the years beyond 2020. Japan highly appreciates that the G20 priorities under the Japanese presidency, such as “sustainable infrastructure development”, “disaster risk management” and “securing debt sustainability” are also incorporated. Based on the outcomes of the G20 this year under the Japanese presidency, Japan will continue actively contributing to the IDB Group’s efforts.

(1) Quality Infrastructure Investment

“Quality Infrastructure Investment” plays important roles for economic and social development, beyond the benefits stemming from the physical infrastructure itself. Specifically, it can lead to maximizing the positive impact of infrastructure while preserving the sustainability of public finances, raising economic efficiency in view of life-cycle cost, integrating environmental and social considerations including women’s economic empowerment, building resilience against natural disasters and other risks, and strengthening infrastructure governance. Based on this understanding, “G20 Principles for Quality Infrastructure Investment” was endorsed at the G20 Osaka Summit last month.

Japan has undertaken to promote quality infrastructure investment in the LAC region, in close cooperation with the IDB Group.

- First, Japan has supported renewable energy and energy efficiency projects through the co-financing framework of US\$ 3 billion between the Japan International Cooperation Agency (JICA) and the IDB, called “the Co-financing for Renewable Energy and Energy Efficiency (CORE)”. Since its establishment, seven official development assistance (ODA) loans were approved under the CORE, with a total lending volume of over US\$ 1 billion.
- Second, Japan supports the formulation of quality PPP infrastructure projects through a Public-Private Partnership (PPP) facility, established within the IDB Group last year. Japan has contributed US\$5 million to the facility as the first donor and we have high expectations for the IDB Group to use it in a more effective and efficient manner, going forward.
- Third, the Japan Quality Infrastructure (JQI) Initiative, established within the Japanese Trust Fund at the IDB Group in 2016, provides support for the preparation and implementation of quality infrastructure projects by the IDB. Six technical cooperation projects were approved in 2018. Based on the steady track record, I am pleased to announce that Japan will make an additional contribution of US\$5 million.

Japan will continue to work closely with the IDB Group to promote sustainable infrastructure investment in the LAC region.

(2) Disaster Risk Management

The LAC region is one of the most vulnerable to natural disasters such as hurricanes, and Japan welcomes that the updated Institutional Strategy refers to promoting resilience to natural disasters.

The Japanese Trust Fund has provided support for coping with natural disasters in the LAC region. In order to fundamentally strengthen the IDB Group's disaster prevention measures, Japan pledges to provide an additional US\$1 million to the fund. We expect that the IDB Group will make further efforts to reinforce regional resilience through technical cooperation for disaster risk management.

(3) Securing Debt Sustainability

Currently, debt levels in the LAC region are not alarming, with the exception of some countries. However, we believe it is necessary to reduce debt in those countries at alarming debt levels, and to ensure debt sustainability in other countries. Japan calls on the IDB Group, in cooperation with the IMF, the World Bank Group (WBG) and other institutions, to continue its efforts to secure debt sustainability by adopting multifaceted approaches, such as intensified debt management by governments, improvement of debt transparency, public financial management, domestic resource mobilization and technical assistance for authorities' capacity building.

4. Contribution to the Multilateral Investment Fund (MIF) (rebranded as "IDB Lab")

Japan welcomes that the MIF III came into effect in March this year. While the MIF has been supporting micro, small and medium-sized enterprises (MSMEs) and socially vulnerable populations in the LAC region, it has been assisting a number of pilot projects as an innovative laboratory of the IDB Group. "IDB Lab", new name for the MIF introduced last year, properly shows the functions of the MIF. Japan will actively contribute to its operations as the largest donor of the MIF III.

5. Conclusion

Let me conclude by expressing my best wishes for the IDB Group, under the leadership of President Moreno, in addressing the challenges of boosting growth in the LAC region in a sustainable manner. Japan will continue working closely with the IDB Group as a strong partner.