

**Statement by the Honorable SUZUKI Shunichi**  
**Finance Minister of Japan and IDB Governor for Japan**  
**At the 62<sup>nd</sup> Annual Meeting of the Inter-American Development Bank and the 36<sup>th</sup> Annual**  
**Meeting of the Inter-American Investment Corporation**

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**1. Introduction**

Mr. Chairperson, Mr. President, distinguished Governors, guests and participants:

First of all, I would like to express my sincere gratitude to the IDB staff for its efforts in preparing for the 62<sup>nd</sup> Annual Meeting of the Inter-American Development Bank (IDB) and the 36<sup>th</sup> Annual Meeting of the Inter-American Investment Corporation (IIC; known as IDB Invest).

**2. Japan's Development Priorities in the LAC region**

(1) Overview

Although the global economic recovery is continuing, the pace of recovery in the Latin America and the Caribbean (LAC) region has been affected by the recent COVID-19 pandemic. Moreover, it is necessary to closely monitor the impact of uncertainties caused by the current situation in Ukraine on the real economy of the LAC region.

In order to achieve an inclusive and sustainable recovery, while overcoming the crisis swiftly and strengthening preparedness for the future crisis, the role of the IDB Group, as the premier development finance institution in the LAC region, is becoming increasingly important.

(2) Universal Health Coverage (UHC)

In the LAC region, one of the areas most affected by the pandemic in the world, while vaccination and other efforts have been progressing to address the pandemic, prevention, preparedness, and response to the future pandemic remain an important challenge. The promotion of UHC to strengthen accessible and affordable health system, which Japan has long been emphasizing, is becoming increasingly important.

Moreover, as some project that the LAC region will experience the world's fastest population aging through 2030, strengthening health system with universal accessibility is critical not just in terms of preparing for infectious disease such as the COVID-19, but also in terms of responding to emerging health challenges including aging. Japan expects the IDB Group to play a

central role in promoting UHC in the LAC region, and will continue to actively engage in this area as a country having been facing such challenges ahead of other countries.

### (3) Climate Change

In order for the international community to achieve the global goal of remaining within the 1.5°C limit, it is essential to make collective efforts in reducing greenhouse gas emission including in emerging and developing countries to the maximum extent possible in line with that global goal. Japan expects the IDB Group to support each developing country to develop and implement ambitious Nationally Determined Contributions (NDCs), Long-Term Strategy (LTS), and/or energy plans in line with the Paris Agreement in order to achieve required emissions reduction.

Japan announced "Japan's Proposal on MDBs' Support in the Energy Sector" last October. Accordingly, Japan will support developing countries' climate change responses through contributions to the Japan trust funds, aiming at promoting the most efficient measures in reducing greenhouse gas emissions while taking into account country specific circumstances, in a way that generates synergies with the IDB Group's support.

Since the LAC region is one of the most vulnerable to natural disasters such as hurricanes, it is important to have the perspective of adaptation and resilience to climate change. Japan will actively support the IDB Group's efforts in this area through finance and knowledge.

### (4) Digitalization

The importance of digitalization has become increasingly apparent, in the new environment triggered by the COVID-19 pandemic. Digitalization has been bringing about effective, efficient and sustainable development in every aspect of our lives, not only for digital infrastructure, such as communications systems, but also for critical infrastructure, including electricity, water, and public transportation, as well as for social services such as education and health. Especially, it plays an important role in human capital development.

In such an environment, it is necessary to promote digital development tailored to each country's specific circumstances to ensure that those who cannot benefit from digitalization are not left behind in the growth. Also, for the advantage of such digital development to be properly demonstrated, it is absolutely necessary to establish appropriate governance system including assurance of cybersecurity and data privacy. Japan will contribute to the mainstreaming of this perspective in the IDB Group through the Japan trust funds.

## **3. The Analytic Work based on the Barranquilla Resolution**

Japan welcomes that the IDB Group's role and value proposition in addressing the challenges the LAC region is facing have been clarified, through a series of the Analytic Works and Board discussions in accordance with the Barranquilla Resolution adopted last Annual meeting.

With regard to sovereign sector operations, as the IDB Group currently rests on a sound capital position, it is important to further improve development effectiveness utilizing the existing financial base. On the other hand, in the LAC region with more middle-income countries than other regions, the role of the private sector is increasingly significant in a wide-ranging sectors including those of Japan's priority such as health, climate change, and digitalization. Accordingly, private sector operations should be further mainstreamed in the IDB Group's operations. In doing so, it is important to strengthen synergies among the IDB Group to enhance its value proposition. Japan appreciates that these points are identified in the Analytic Work.

Regarding private sector operations, the analyses of the most efficient use of capital and institutional governance across the IDB group should be further deepened. Japan has a grave concern over the fact that non-regional member countries are under-represented in the IDB Invest Board of Executive Directors. It is imperative to correct such unfair governance structure. In addition, other reforms such as diversification of the means to make payment should also be implemented so as not to be a constraint on financial contribution by member countries. Furthermore, a more convincing demand analysis is required taking into consideration the development needs of the LAC region, domestic resource mobilization and private sector funds mobilization in respective countries. Japan is ready to participate in discussions on the financial base of IDB Invest, provided that the governance reform is implemented and the convincing demand analysis is conducted as mentioned above.

Multilateral Investment Fund (known as IDB Lab), which has been functioning as an "innovation laboratory" for the whole IDB Group, is indispensable to foster the private sector-led recovery and development. It is important for the LAC region and the IDB Group that IDB Lab leverages its high risk appetite and carry out innovative work in the early-stage equity investments that the IDB and IDB Invest does not support. As its top shareholder, Japan will continue to support IDB Lab.

#### **4. Cooperation between Japan and the IDB Group**

Japan has been contributing both financial and human resources to the IDB Group since 1976, when Japan has joined the IDB Group as a non-regional member country. Japan would like to highlight the following points so that Japan further deepens the relationship with the IDB Group

led by the President Claver-Carone, and continues to contribute to the development of the LAC countries.

Firstly, contribution through the Japan Special Fund. Last March, “Japan Enhanced Initiative for Quality Infrastructure, Resilience against Disaster and Health (JEI)” was reformed to expand its priority areas and supporting institutions. Following the expansion, it has supported projects in health and disaster risk management sectors, which are newly added to the priority areas in addition to the existing quality infrastructure investment sector. These also include projects led by IDB Invest and IDB Lab and projects that will help strengthen ties with Japanese companies. Japan continues to actively support and engage with project formation through the Japan trust funds.

Secondly, cooperation with Japan International Cooperation Agency (JICA). Japan welcomes further promotion of cooperation through “the Cooperation for Economic Recovery and Social Inclusion (CORE)”, the financing framework between the IDB and JICA. In addition, Japan also welcomes the steady progress of “Transformational Start Ups' Business Acceleration for the SDGs Agenda (TSUBASA)”, a new start-up support initiative jointly implemented by IDB Lab and JICA. TSUBASA has received and adopted numbers of innovative approaches to contribute to development issues in the LAC region, including in health and disaster risk management sectors, utilizing Artificial-Intelligence, satellites, and other leading-edge technologies. Japan continues to strengthen the collaboration with the whole IDB Group through JICA.

Thirdly, leveraging the function of IDB Office in Asia. The Office has been playing a key role in supporting Asian companies' activities in the LAC region. To enhance their activities, it is especially important to enrich public relations activities. Japan strongly expects that facilitating the cooperation between the IDB Group and Asian companies including Japanese company through strengthening public relations activities, such as the dissemination of information in regional languages, so that Asian and Japanese technologies and expertise will continue to be incorporated into the IDB Group's operations.

Fourthly, contribution through human resource. In order for the IDB Group to respond flexibly and effectively to the various and complex needs, the Group should promote diversification among its staff at all levels, including nationality. Japan will further contribute to the IDB Group through qualified Japanese staff.

#### **4. Conclusion**

With the world still in crisis, the IDB Group has a significant role to play in order to achieve an early economic recovery of the LAC region. The IDB Group, led by President Claver-Carone,

has a great strategic and geopolitical importance to Japan. Japan will continue to work closely with the IDB Group to contribute to the robust recovery and further development in the LAC region.