Ms. Keiko Honda, MIGA
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Good afternoon, everyone. I want to thank UNCTAD for inviting me to join this important discussion.

As you know, the World Bank/IMF Annual Meetings just concluded in Washington this weekend. I'm coming to you from a whirlwind of activity and sentiment. Two strong currents struck me as important for today's meeting here at UNCTAD. First, many of us are concerned about economic weakness. Madame Lagarde called this the "new mediocre." Second, there is more and more awareness of the role that the private sector plays in developing countries—helping create jobs, build infrastructure, transfer skills, and foster growth. We also now know that operating in developing countries is simply smart for investors as they seek growth in today's world.

Seventy years after the signing of the Bretton Woods agreements, growth patterns have evolved. Since 1960 alone, developing economies' share of world GDP has doubled.

Against this backdrop, the private sector clearly has a key role in achieving the sustainable development goals. How do we ensure that the private sector is investing in ways that will benefit the countries we work for in the long run? This is where the efforts of ministers and other heads of multilateral organizations here today are critical. At MIGA, the investments we support must demonstrate that they are expected to have a positive development impact as a condition of our insurance.

Look at the impact we can have. Last year, MIGA-insured investments in developing countries across our portfolio created 52,100 jobs. They provided 47 million people with access to power. Fifteen million people got transport. 3.3 million people were able to drink clean water.

Investments we insure also must conform to environmental and social standards that are considered to be global best practice.

We've been doing this for 26 years, learning lessons that we then apply. Our development impact and sustainability profile improve continuously.

But consider this: 71 percent of foreign direct investment goes into investment-grade countries. We must get more of this going to the countries that are most in need: poorer countries, countries affected by conflict.

What are the impediments to investments in developing countries that we observe?

The first is perceived risk. I say "perceived" because savvy investors on the front lines have a better understanding of local conditions. They may have different views about the riskiness of a given investment. But their senior executives and board members often need to be convinced and may insist on some form of formal mitigation.

The second issue that we see is the impact of increased banking regulation. After the financial crisis and resultant regulation, lending tightened. But an unintended consequence of this regulation was that long-term capital and capital going into countries with lower investment grades became scarce. As a result, essential projects that developing countries need in order to advance now have higher equity requirements.

What can we do to address these two issues I just mentioned?

MIGA's political risk insurance gives investors comfort and allows them to enter markets knowing they have the expertise and backing of the World Bank Group. We're covering investors around the world, even in the most difficult contexts: telecommunications in Afghanistan, wind power in Honduras, bridge-building in Cote d'Ivoire, power distribution in Lebanon.

Also, our credit enhancement can increase the ability of commercial banks and other financial institutions to offer loans at competitive terms in some countries that meet our eligibility requirements. With these products, we're supporting mass transit projects in Turkey and Panama. We're insuring clean energy generation in Bangladesh.

MIGA is not the only provider of these products. Other multilateral development banks and private insurance companies can also deliver both political risk insurance and credit enhancement.

But investments that are now covered by insurance or credit enhancement represent just a drop in the bucket of where we need to go. The estimated financing gap for infrastructure globally is $1 trillion dollars a year. The Berne Union—which represents the bulk of the political risk insurance industry—reports that its members issued $96.4 billion in investment insurance last year – that's across all sectors. This represented just 11 percent of FDI that went into the developing world.

Political risk insurance and credit enhancement have proven to be effective tools to encourage the private sector to enter the space we're discussing today. Certainly, broader use of this tool could help the sustainable growth agenda. My message to investors, government officials, and multilaterals is this: we can help decrease the financing gap for good projects. The political risk insurance market has significant capacity. Leverage us more.

At the same time, I believe there is also room to support banking regulation that will help navigate lenders' behavior. Here, we should look to reduce the disincentive to getting long-term capital into the countries that need it most. I encourage my colleagues to consider this.

Thank you.