

Comments of the Government of Japan

At the Review Session on Chapter I of the Monterrey Consensus
“Mobilizing domestic financial resources for development”

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New York

1. General Principles

Good governance, sound macroeconomic policies, and capable administration are essential for sustainable growth. In addition, from the viewpoint of human security, it is necessary to empower individuals and build systems in which economic growth benefits everyone.

Each developing country faces a different set of obstacles to sustainable growth. In other words, there is no one-size-fits-all policy to development. For assistance to be effective, it needs to be tailored to the specific situation and development stage of each country, and countries must take ownership of the creation and implementation of their development strategies.

2. Specific Areas and Good Practices

(1) Good Governance

The private sector should take the lead in achieving sustainable growth and mobilizing domestic resources. Governments need to create conducive environments to make this possible. Assistance should be extended in areas such as infrastructure development, policy formulation, institution building, and human resources development.

The following are some examples of Japan’s assistance for good governance.

Japan, in cooperation with the World Bank and the Asian Development Bank, is supporting Indonesia’s reforms aimed at good governance and poverty reduction. Goals include stabilizing macroeconomic policy, improving the investment climate and the management of public finances, and fighting corruption.

In Africa, the “Enhanced Private Sector Assistance (EPSA)” programme, a joint initiative of Japan and the African Development Bank (AfDB), is strengthening the financial sectors and

fostering investment and the growth of small and mid-sized enterprises. The two-step loan programs extended through the AfDB have led to projects such as promotion of agribusiness in Nigeria and the establishment of a microfinance bank in Tanzania.

(2) Legal System Development

It is important to support the development of legal systems in countries transitioning to a market economy. Recognizing this, Japan has provided assistance for drafting, amending, and enacting civil law and civil procedure, and trained of legal professionals in Viet Nam, Cambodia, the Lao People's Democratic Republic, and Uzbekistan. In addition to South-East Asia and Central Asia, we would like to explore the possibility of extending similar assistance to Africa.

(3) One Village, One Product Campaign

In order to achieve equitable development and reduce regional disparities, diverse and robust local and supporting industries are important. The "One Village, One Product" campaign has been effective in promoting local industries. Originally a measure to invigorate Japan's rural areas, the campaign was introduced to Thailand by Japanese experts. As a result, rural villages have begun exporting locally produced goods, such as processed foods, and silk and bamboo products, contributing to poverty reduction. This initiative has also been introduced in China, Mongolia, Indonesia, Malawi, Tunisia, and Ghana.

(4) Microfinance

Microfinance plays an important role in the promotion of human security, the achievement of gender equality and the alleviation of poverty. With this in mind, Japan provided yen loans to support Bangladesh's Grameen Bank. Japan has also provided funds for microcredit through bilateral grants and multilateral frameworks such as the Trust-Fund for Human Security and the UNDP/WID Fund.

(5) Human Resources Development

Human resources development is an important pillar of nation building. It also contributes to national ownership. With this in mind, Japan has established Centers for Human Development to train future business leaders and entrepreneurs in countries transitioning to a market economy. So far, these centers have been established in the Lao People's Democratic Republic, Kazakhstan, Kyrgyzstan, Uzbekistan, Viet Nam, Mongolia, Cambodia, and Ukraine.