

The Comments of the Delegation of Japan  
Drafting Session of the Outcome Document of the Follow-up International  
Conference on Financing for Development  
9-10 October, 2008

**Mobilizing domestic financial resources for development**

6. Human resources are the most precious and valuable asset that countries possess. The realization of decent work for all, including investment in human capital through better designed and better funded health and education policies, coupled with better social protection and active labor market policies, is essential. **Fostering diverse local and supporting industries creates employment and strengthens communities.** Such policies have begun to show results, but increased efforts are needed.
  
9. To achieve equitable development and foster a vibrant, inclusive private sector, a financial infrastructure that provides access through a variety of products and services to small and medium businesses, targeting women, rural areas and the poor is vital, including microfinance and the financing of small and medium-size enterprises. **By empowering individuals and communities, we will ensure that the benefits of growth reach all people, especially the poor.** To achieve gender equality, consideration of gender issues within areas such as macro/micro economic policies and labour policies should be undertaken. We will endeavor to address and remove gender biases in labour and financial markets as well as, inter alia, in the ownership of assets and property rights.
  
13. While the pursuit of economic resilience is important for all countries, it requires constant and more strenuous efforts in small and vulnerable economies. These national efforts need to be reinforced by international support for capacity building including through technical assistance and through United Nations operational activities for development. In development cooperation policies we will pay special attention to the efforts and **specific** needs of LDCs, LLDCs and SIDS. Similarly, special attention is needed to support post-conflict countries in their rebuilding efforts **to prevent them from relapsing into conflicts.**

**Mobilizing international resources for development: foreign direct investment and other private flows**

15. Developing countries and countries with economies in transition should enhance efforts to mobilize investment in transport, communications and other physical and **institutional** ~~social~~ infrastructure that serve to strengthen their business environment. The support of bilateral and multilateral partners in this task is critical. There is also a need to enhance the tools used by multilateral and bilateral donors to mitigate the risks faced by business investors in critical sectors in developing and transition economies and to devise ways by which ODA can play a catalytic role in the mobilization of private flows. **We will also strive to support development of local currency bond market and promote South-South investment.** ~~We will also strive to enhance the stability of private capital flows, through encouraging the implementation of counter-cyclical policies, and also through making efforts to promote South-South investment.~~

16. Experience of recent years has shown that providing an enabling business environment is fundamental to fostering domestic and foreign private investment. We will continue to put in place transparent, appropriate and enforceable regulations and laws for doing business, improve the availability of finance for enterprise, upgrade the skills and technical capabilities of human resources and facilitate public/private consultative mechanisms. **Bilateral investment treaties can promote private flows by providing legal stability and predictability to investors.** ~~Developed countries can also encourage private flows to developing countries through bilateral investment treaties, tax treaties and other tax measures.~~ We call on bilateral and multilateral agencies to continue assisting interested countries to formulate policies and measures to attract international private capital flows, including through public/private partnerships.
17. The quality of foreign direct investment plays an important role in enhancing the development impact of these investments. **Given the increasing importance of sovereign wealth funds and its potential to support development, good practices of these funds which are conducive to development should be collected and emulated.** We will strengthen efforts to maximize linkages with domestic production activities, the transfer of technology and the training of the local labour force. We will make stronger efforts to promote corporate social responsibility and good corporate governance and seek to ensure that adequate labour and environmental protection standards are upheld everywhere. We encourage the work undertaken in the United Nations, including the Global Compact, in this regard. Measures should be devised to avoid over-exploitation of natural resources, while enhancing transparency and accountability of revenues from extractive industries, both national and foreign-owned, taking into account, where appropriate, the implementation of relevant initiatives on extractive industries.
18. We recognize that technology transfer is one of the key factors through which foreign direct investment can impact development. **Adequate protection of intellectual property rights can foster such transfer.** Such transfer can also be facilitated by the host country's pro-active innovation and transfer policies. Public-private partnerships can play a crucial role in implementing those policies, as well as in fostering a dynamic small and medium-size enterprise sector. Many lessons have been learned on how these elements should be carefully taken into consideration in the formulation of national development strategies.