

Poverty Reduction

Toward a Society in Which Each Person Can Live with Dignity; Supporting the Fulfillment of Essential Capabilities of the Poor

The number of people living on less than US\$1.25 a day in developing countries has declined from 41.7% in 1990 to 25.7% in 2005 due in part to economic advancement in Asia. Nonetheless, 50.9% of people in Sub-Saharan Africa still suffer from extreme poverty. Moreover, recent food and financial crises have led to fears of an increase in the number of people who will fall into poverty.

JICA supports the reinforcement of five essential capabilities (economic, human, protective, political and socio-cultural), and the creation of an environment in which these capabilities can be manifested so people can lead ordinary lives.

Overview of Issue

Poverty is an issue that cannot be ignored from the perspective of “human security,” as outlined in the Japanese ODA Charter. The number of people living in poverty on less than US\$1.25 per person a day is estimated at over 1.4 billion worldwide. In addition, natural disasters, environmental destruction and other factors make it difficult to continue traditional means of livelihood. This means some people are extremely vulnerable to poverty. Problems such as disease, unemployment, lack of education and social discrimination each impact the other. Once a person falls into this vicious cycle, the situation becomes even more serious, as do the problems that originate from it, making it difficult to escape from poverty. This is sometimes referred to as the “deprivation trap” and has become an

urgent issue when tackling poverty reduction. Neglecting poverty and vulnerability may widen the gap between the rich and poor and intensify competition for resources, causing instability in society.

JICA Activities

JICA supports strengthening of the following five essential capabilities and the creation of an environment in which people can manifest their abilities so they can lead basic lives: (1) ability to have a sustainable livelihood (economic capability); (2) ability to be healthy, receive a basic education and live in a hygienic environment (human capability); (3) ability to mitigate or cope with the various factors that threaten people’s lives (protective capability); and (4)/(5) ability to be respected as a human being and in terms of culture

Case Study

Supporting Independence by Increasing Access to Financial Services

Malaysia: Financial Inclusion Advisors Programme Seminar

Microfinance (financial services for the poor) is in the spotlight these days. To share experience gained in Asia with Africa, JICA provides training for government officials and staff of private financial institutions in Asian and African countries.

Around 50 People Participate in Third Country Training

Although it was considered difficult to have private-sector business come on board, successful cases of microfinance in certain countries in Asia have driven increased interest in Africa in recent years.

JICA training aims to share experience in provision of services gained in Asia with government officials and staff of private-sector financial institutions in Africa to give the poor access to financial services that provide credit, saving and transferring money and insurance.

Around 50 people from Asia and Africa took part in Third Country Training in Malaysia that involved seminars on microfinance cases in Asia and Africa. It is important that private financial

institutions in addition to public institutions start providing microfinance in order to ensure that the poor have stable access to easy-to-use loan and saving services. The role of government is indispensable in encouraging participation by private financial agencies to protect poor people seeking to use financial services. The training includes lively discussion on the role of government and central banks in microfinance as well as the sharing of experiences.

A Grassroots View

Vijayaledchumy and Kanagalingam, Central Bank of Malaysia (Co-Sponsor of Seminar)

We learned a lot in the seminar that we co-sponsored with JICA. We introduced experiences from Asia with representatives from central banks and microfinance institutions in three Asian countries and five African countries. There was also practical debate on challenges facing African countries.

A Grassroots View

Chisha Mwanakatwe, Central Bank of Zambia
Some of the cases we heard about can be applied to Zambia, which is great for us, including hands-on programs for financial institutions and how central banks and relevant government agencies can make active contributions to microfinance. I hope to use the knowledge gained to improve future policies, relationships with financial institutions and services to small and medium-sized companies and farmers.



Group observation of a microfinance institution



and customs, and to participate in society (political & socio-cultural capabilities).

Going forward, JICA will promote the mainstreaming of poverty reduction through initiatives such as sound targeting of the most needy people suffering from poverty as well as effective adoption

of “poverty reduction tools.” In terms of a new initiative, JICA conducts research into microfinance and holds a series of task-force meetings consisting of internal as well as external specialists on this topic.

Case Study

Community-Driven Management of Forest for a Better Life

Ethiopia: Participatory Forest Management Project in Belete-Gera Regional Forest Priority Area Phase 2

JICA supports an initiative in which government and local peoples’ forest management associations signed Provisional Forest Management Agreements concerning forest protection and management as well as the acceptance of the traditional forest resource use rights of local communities. The project aims to ensure the livelihoods of local people and keep the forest well managed for sustainable use.

Provisional Forest Management Agreements and Synergistic Effects of Farmer Field Schools

JICA supports efforts in priority forest areas of Ethiopia that aim to both guarantee a stable livelihood for local people and sustainable forest management. Provisional Forest Management Agreements were signed between the government and local peoples’ forest management associations. As part of the agreements, government recognizes the usage rights for wild coffee growing under the forest canopy that local communities have traditionally collected as well as the right to live in the priority forest areas. In return, local communities must protect and manage the

forests as stipulated by the provisions of the agreement. To date, 93 forest management associations have concluded provisional agreements with the Oromia Regional Government and formulated plans for the community-driven management and use of the forests. Activities are currently being implemented in line with plans.

In addition, certification from the international NGO Rainforest Alliance has been acquired, enabling a further 15-25% to be added to the market price for coffee collected from the forest. Cooperatives have been formed to purchase and ship the coffee, which has increased revenues for local citizens.

Each forest management association has set up a Farmer Field School aimed at spreading agricultural technology. Participants attend weekly sessions for a year to learn methods for vegetable cultivation using compost and how to nurture young fruit trees. Over 4,500 farmers have graduated from the schools and are putting into practice the farming techniques learned.

A Grassroots View

Mohammed, Project Manager, Oromia Forest Enterprise Supervising Agency

Previously, local people were loggers of the forest and forestry companies were the regulators of illegal logging. This has changed with the transfer of authority for forest use and management to the forest management associations, which has deepened mutual understanding of each party’s role and prompted cooperation on forest management.

I am confident that active participation by association members will protect the precious natural resources of the forests into the future.



A Grassroots View

Member of a Forest Management Association

Traditionally, anybody could cut down trees to build a new house or for firewood. There were no rules. Some people were worried that they might be expelled from the forest when participatory forest management was introduced. Three years have passed and we have kept a close eye on illegal logging and new settlers while also carefully protecting the forest and using its resources appropriately. The technology learned at the Farmer Field Schools and the premium price our coffee fetches have brought stability to our lives.



Forest where coffee grows naturally