

Poverty Reduction

Supporting the Development of the Essential Capabilities of the Poor



Of the eight Millennium Development Goals (MDGs), relevant goals are shown in color.

The proportion of the poor in developing countries as a whole has declined from 47% in 1990 to 20.6% in 2010 due in part to economic development in Asia. Nonetheless, nearly half of the population in Sub-Saharan Africa still suffers from poverty. Moreover, recent increases in food prices and financial crises have led to fears that an increasing number of people will fall into poverty.

In order to promote JICA's vision of "inclusive and dynamic development," JICA has identified "reducing poverty through equitable growth" as one of its four strategies. JICA extends assistance for human resources development, capacity building, improvement of policies and institutions, and the development of social and economic infrastructure in developing countries.

● Overview of the 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 \$1.25 per person per day, is estimated at about 1.2 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 others. Once a person falls into this vicious cycle, it is not easy to escape from this cycle. This is sometimes referred to as the "deprivation trap," and it has become an urgent issue in tackling poverty reduction. Neglecting poverty and vulnerability may widen the gap between rich and poor and intensify competition over resources, causing instability in society.

In recent years, the notion has developed that poverty is the state in which the following five capabilities are severely



A meeting with the beneficiaries of conditional cash transfer program in Honduras

lacking: the ability to ensure a stable and sustainable livelihood, or (1) economic capability; the ability to be healthy, receive basic education, and live in a sanitary environment, or (2) human capability; the ability to cope with various “threats” to peoples’ lives, or (3) protective capability; and the ability to participate in a society in which people’s dignity as human beings and their culture and customs are respected, or (4) political capability; and (5) socio-cultural capability.

● JICA Activities

In order to advance equitable growth and sustainable poverty reduction, JICA will strive to enable each and every person in poverty to escape by reinforcing these five capabilities and supporting the development of an environment in which these capabilities may be manifested. Specifically, JICA both (1) carries out “poverty measures” to directly assist the poor as well as (2) makes “poverty considerations,” by incorporating creative

approaches into projects in order to improve the circumstances of the poor by ensuring the project’s benefits to the poor in various fields of projects.

To this end, JICA gathers information on the poor and accumulates methods that are effective for poverty reduction. In addition, regarding methods that have been attracting attention in recent years, JICA is implementing projects and training programs. The goal is to enable the poor, who are living on unstable incomes, to make stable expenditures every month for items such as health care, education, and food. These approaches cover methods such as “microfinance,” which provides savings services and very small loans; “conditional cash transfers (CCT),” in which a government redistributes income by directly providing cash or cash equivalents to individuals or households on the condition that they are qualified and fulfill certain obligations; and “labor-based technology (LBT)” which can generate short-term employment for the poor [→ see the Case Study below].

Case Study Honduras: Project on Life Improvement and Livelihood Enhancement of Conditional Cash Transfer Beneficiaries through Financial Inclusion

Aiming at Lifting Beneficiaries out of Poverty by Improving Their Access to Formal Financial Services

In Honduras, JICA works on developing the capacity of the poor and establishing a system to support them in order to improve their lives and livelihoods through efficient use of the CCT.

Assisting the Poor with the Conditional Cash Transfer Program

Although the poverty rate in Honduras slightly decreased from 65.1% in 2003 to 61.9% in 2011, it is still high. Under such circumstances, the Government of Honduras intensively runs “Bono Vida Mejor,” a conditional cash transfer program (CCT) to support the poor.

The program aims to cultivate human resources among the poor, eliminate the dependence on welfare, and cut off the intergenerational cycle of poverty by promoting improvement of their capacities, such as knowledge and skills. The program grants cash to households that meet certain health, educational, and other conditions, for example, a school attendance ratio of 80% or more.

Positive effects of the CCT program, such as an increase in the school enrollment ratio, an increase in the utilization ratio of medical services, and improvement in consumer activities, have been confirmed. Meanwhile, it is also pointed out that this program should build capacity to promote the life improvement and livelihood enhancement of the program participants, along with institutional issues.

Establishing a Flexible and Nationwide Model

In such a situation, JICA, together with the Family Allowance Programme of Honduras of Sub Ministry of Social Integration, started the



JICA's expert and project officials preparing for a participatory survey aimed at CCT beneficiary households

Project on Life Improvement and Livelihood Enhancement of Conditional Cash Transfer Beneficiaries through Financial Inclusion (2015–2020). The project aims to develop and implement a system to support CCT beneficiaries in five target cities to improve their lives and enhance their livelihoods. At the same time, due to establish the sustainable implementation systems for assistance to the poor, the project assists several stakeholders such as the national government, municipalities, and financial institutions.

In future, the project plans to improve the financial environment surrounding the poor by

providing financial education for the poor to acquire know-how to efficiently manage their family budgets, and by providing technical assistance in developing financial services that the poor can have access to.

The project also plans to provide training to develop skills that are required in production and sales and in securing jobs that will lead to increased incomes.

Furthermore, the project is aiming so that the model established to promote life improvement and livelihood enhancement of CCT beneficiary households is institutionalized for nationwide delivery.