

# Poverty Reduction

## Supporting the Development of the Essential Capabilities of the Poor



\*Of the 17 Sustainable Development Goals (SDGs), relevant goals are shown in color.

The proportion of the poor in developing countries as a whole has declined from 47% in 1990 to 14% in 2015 due in part to economic development in Asia. Nonetheless, around 35% of the population in Sub-Saharan Africa still suffers from poverty. About 700 million people around the world are still in poverty, living on less than \$1.90 a day. Moreover, those people freed from poverty still remain in a vulnerable situation, easily brought back into poverty if they experience negative events such as illnesses, accidents, political conflicts, natural disasters, and market changes.

JICA promotes human security, aiming to realize a world where no one is left behind or excluded from the benefits of development, as the Sustainable Development Goals (SDGs) address in their principles.

### Overview of the Issue

During the course of pursuing the Millennium Development Goals (MDGs), it was revealed that those living in poverty or barely freed from poverty are still facing various risks, and in order to respond to these problems, it is necessary to take measures on social security, protection, and capacity development in various areas. Large-scale natural disasters and environmental destruction as well as terrorism and financial crises seriously affect the lives of the poor, and increase and expand poverty. To cope with these risk factors and promote poverty reduction, versatile and flexible approaches are required.

The definition of poverty is the state in which the following

five capabilities are severely 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; 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 living in poverty to escape it by reinforcing these five capabilities and supporting the development of an environment in which these capabilities can be manifested.

JICA formulates and implements its projects in developing countries in the areas of human resources development and capacity building, improvement of policies and institutions, and development of social and economic infrastructure, centering on the following two concepts: (1) "poverty measures" that aim to directly assist the poor, and (2) "poverty considerations" that do not directly assist the poor but incorporate creative approaches that will increase the projects' benefits to the poor.

Supporting poor people's access to various quality financial services and their active utilization, stabilization of consumption and expenditure, asset formation, responses to risks, and income diversification and income growth, JICA encourages their stable livelihood and participation in the market economy.

Initiatives addressing poverty should be undertaken through a multi-sectoral approach, beyond conventional project processes, and diverse entities other than governmental agencies should play even more important roles. Thus, in addition to receiving support from governmental agencies and collaboration from civil society, JICA will actively promote partnerships with private-sector actors in Japan and abroad in order to support poverty reduction.



JICA worked with the Insurance Institute of Egypt (IIE) to promote microinsurance—which provides the poor with a means to protect their lives from various risks—in Egypt. Specifically, JICA and IIE cooperated to develop curricula for microinsurance diploma courses and provided related training designed to build insurance delivery capacity. The photo on the left shows students making return on investment (ROI) calculations based on customer lifetime value (CLV) in a marketing course.