
Chapter 3 JICA's Cooperation Policy

Basic Approaches:

- Understanding the causes and actual conditions of poverty
- Comprehensive poverty reduction approaches
- Assistance based on JICA's advantage
- Cooperation with other actors

3-1 JICA's Priorities and Points for Consideration

Since poverty is multidimensional, we should take comprehensive steps based on 4 approaches: Development of Policy and Institutional Framework for Planning and Implementation of Poverty Reduction; Maintenance and Improvement of Income Levels of the Poor; Fulfillment of Basic Human Needs of the Poor; and Reduction of External Risks and Enhancement of Capacity of the Poor to Cope with Shocks; to break “the poverty trap (perpetuation).”

JICA cannot plan, implement and evaluate the above-mentioned four approaches by itself so it should cooperate with **the governments, private sector, NGOs and other groups in the donor and recipient countries. JICA must first, sufficiently grasp the causes and actual conditions of poverty in a country; then identify the approaches and activities that can utilize the characteristics of JICA and finally cooperate and share tasks with partners by informing them of JICA's approaches and activities.** JICA should assist with the formulation of Poverty Reduction Strategy Papers (PRSP) and other poverty reduction policies and coordinate and cooperate with a variety of actors, keeping in mind the role of JICA's projects in the overall Poverty Reduction Plan.

Among the four approaches, the **“Policies and institutions for poverty reduction” is indispensable in implementing poverty reduction measures** and in sustaining the outcome. JICA has focused on the transfer of specific technology; JICA should also support the construction of systems that directly reflect the voices and needs of the poor in development efforts and in the policies.

JICA should promote **capacity development of the poor so that they can think and act on their own. Expanding opportunities for the poor to receive basic education should be given maximum priority.**

The following are JICA's priorities and points for consideration. These are an illustration of the framework concept and in the future, more specific analyses must be developed and methods must be established for project formation, implementation and evaluation.

JICA's Priorities:

- Measures at every level: macro, meso and micro
- Creation of links between each level

3-1-1 JICA's priorities

In poverty reduction, we should implement measures at each of the macro, meso and micro levels, creating links between each level. The following

are efforts JICA should take at each level and the methods for forming links between each level.

Formulation of Policies and Institutions for Poverty Reduction:

- Assistance for surveys of actual conditions of the poor, formulation of policies based on the surveys, institutionalization of model projects
- JICA should support system reforms such as, democratization and land reforms when a recipient government requests

(1) Formulation of Policies and Institutions for Poverty Reduction (Macro Level)

For effective poverty reduction, a country should formulate plans, policies and systems for poverty reduction and implement them. They must also reflect the needs of the poor and other vulnerable groups based on the actual conditions surrounding them.

Although JICA does not have much experience in cooperation related to them, requests for further cooperation to formulate PRSPs and other plans are anticipated to increase. To fulfill such requests, **JICA should support household surveys and participatory poverty assessments and provide advice based on the results of these studies. Institutionalization of the successful results of poverty reduction projects tested at the micro and meso levels to the regional and national levels is also required.**

Even when the best poverty measures are carried out as models in countries or regions where participation of the poor in the society is not guaranteed, it is difficult to sustain and expand the impact of such measures. In this case, the improvement of the country's political, social and economic framework is necessary for sustainable poverty reduction. JICA has hesitated to intervene in domestic affairs, but **when the recipient government is clearly considering reforms, JICA should be proactive in cooperating with political, economic and social reforms such as democratization, land reforms and tax reforms**, while carefully avoiding interference.

Assistance at Community Level:

- Construction and extension of the framework to provide public services based on the needs of the local residents
- Required activities include improving administrative capacities, forming networks between government

(2) Development of the Frameworks to Provide Social Services to the Poor, Partnerships between Communities and Governments and Implementation of Model Projects (Meso Level)

To address sustainable poverty reduction, it is important to focus on the country's own social systems, organizations, networks and customs²¹ and promote the effective use of information and resources in the community, between the community and the government, between communities and between government agencies.

The decentralization that many developing countries are now engaged in is a move aimed at the government's administration that reflects the views of the local residents. **JICA could support the movement and build a model framework for providing public services based on the needs of local residents in specific regions and the local governments.**

Previous assistance on providing education, healthcare, basic

²¹ Networks, social norms and related items are sometimes referred to as social capital (JICA 2002f).

infrastructure and other social services did not necessarily target the poor. Conversely, some projects have even targeted advanced regions that give priority to development or to those who have steady incomes. JICA should **always consider ways to ensure that minimum social services reach the poor** and to provide assistance to institutionalize such ways in the country. Assistance could include **improvement of the government officials' capacity to provide social services based on people's needs, strengthening partnerships and building networks between local governments and communities and developing economic and social infrastructure that surely benefit the poor.**

Empowerment of the Poor:

- Involvement of the poor in the development process through local NGOs and governments
- Activities include organization of the poor, provision of knowledge, information and opportunities for education and training

(3) Empowerment of the Poor (Micro Level)

As is described in Development Objective 1, the key to sustainable poverty reduction projects is the empowerment of the poor and the socially vulnerable groups through participation in various development processes, the translation of these plans into concrete and actual measures and the experience of the successes of such development²².

Many of JICA's previous projects in poverty reduction have tended to focus on technology transfer and service provision but have lacked the perspective of empowerment of the poor. **JICA should encourage the participation of the poor in development processes (surveys, formulation of plans, implementation and evaluation), consistently monitor changes in their views and behaviors and continue developing cooperation that responds to these changes through local NGOs and government officials.**

Required activities for the above include, **fostering and strengthening organizations that involve the poor, providing knowledge, information, educational and training opportunities to the poor and educational activities to increase self-help awareness.**

Creation of Links between Levels:
Utilization of JICA's various schemes to form links among levels

(4) Comprehensive Assistance to Link Projects at Macro, Meso and Micro Levels

JICA has assistance schemes to carry out the poverty reduction projects at the macro level (Policy Advisors, Development Studies), the meso level (Technical Cooperation Projects) and the micro level (JICA Partnership Program Volunteers).

For sustainable poverty reduction, the poor and other vulnerable groups should participate in the development processes, plans which reflect the views of the poor should be implemented and these systems should take hold in poverty stricken countries and regions. To do so, JICA should interrelate approaches at the macro level (formulation of national development plan,

²² In the Indonesia Project on Strengthening Sulawesi Rural Community Development to Support Poverty Alleviation Programme, the government built a system to adopt and implement development projects that came from local ideas and those became actual ordinances. (For detailed information, see Appendix 1. Major Activity Cases.)

institutionalization, dissemination of models), meso level (implementation of model projects in regions) and micro level (participation of the poor in the development process) and thus expand activities from a narrow focus to a broader plane and make them sustainable.

It is not always necessary to carry out all macro, meso and micro measures through JICA projects. For instance, JICA can expand systems built or tested in JICA's projects to financial cooperation for large-scale operations²³. JICA's policy advisors can provide recommendations on measures to improve the country's policies, using successful NGOs' poverty reduction approaches.

Points for

Consideration:

- Disadvantages of targeting only the poor
- Utilization of local resources, investigating quantity of input
- Assistance suitable to the country's organizations

3-1-2 Points for Consideration

(1) Disadvantages of Projects that Target Only the Poor (Jealousy from those in the Economic Strata Just above the Poor)

Although assistance directly targeting the poor is one way to bring about benefits to them, we need to consider keeping the number of beneficiaries as large as possible from the perspective of public welfare. For instance, when the income level of the poor in a country is clearly stipulated and assistance is concentrated only on the poor, people in groups just slightly above that income level may wonder why they are not the recipients of such assistance and may even think that the improvements of their lives and livelihoods, not those of the poor, should be given priority. They may feel discontented and very likely will be uncooperative in assistance efforts towards poverty reduction. On the other hand, a negative self-image can be instilled in the poor themselves.

To avoid these problems, we should not strictly narrow the target of cooperation to the poor only, but rather, we should **consider the recipients and target regions flexibly** to include those who are socially and regionally close to the poor and vulnerable groups and select organizations that will be the main actors in extending the results of cooperation.

We should also explain that community participation and empowerment of the poorest people would lead to improvements for groups just above them and if possible, show actual examples.

(2) Utilizing Local Resources and Investigating Quantity of Input

The factors causing poverty are often deeply rooted in the history or culture of a country or region and it is, therefore, advantageous to **utilize NGOs and human resources who are very familiar with the local customs and language.**

The input of foreign resources (people, equipment, money) should be limited and the use of resources in the developing countries should be

²³ In the Indonesia maternal and child healthcare project, the Maternal and Child Health handbooks that were introduced as a model in Project-type Technical Cooperation were also introduced nationwide through funding from the World Bank.

maximized in order for developing countries to sustain the model projects by themselves.

These points mentioned above should be carefully considered during the planning phase of cooperation.

(3) Assistance Appropriate for the Country's Organizations

When carrying out poverty reduction assistance, **cooperation scale and the implementation period that will be appropriate for the country's situation should be** carefully identified based on the analysis of the implementing bodies and stakeholders. When there are no organizations or human resources that are able to implement poverty reduction projects in the country, it is important, prior to carrying out cooperation, to carefully think about whether to limit to the short-term assistance (for example, emergency relief or provision of goods and services in times of disaster), or to set out long-term efforts starting from fostering of the organizations and human resources.

Further Issues:

- Comprehensive poverty reduction assistance
- Mainstreaming poverty reduction in JICA
- Partnerships with other organizations, and human resource development
- Gathering and dissemination of information

3-2 Further Issues

To reduce poverty that arises from various and complicated factors, the issue of poverty should be understood comprehensively in the national development plan and development assistance.

JICA should be aware of the fact that poverty reduction is one of the ultimate goals of assistance and must tackle poverty reduction by using all JICA schemes and incorporate the perspective of poverty reduction in the actual project cycle. We should not be bound by previous schemes when considering ways of poverty reduction and the recruitment system. Furthermore, JICA should actively disseminate information on its poverty reduction assistance in order to cooperate with other donors and address poverty reduction comprehensively.

The following issues are, therefore, raised and discussed for future consideration: **1) carrying out comprehensive poverty reduction assistance, 2) Mainstreaming poverty reduction in JICA, 3) partnership with other organizations and human resource development, and 4) gathering and dissemination of information.** Although poverty reduction is not achieved overnight and measures for improving the situation are not established yet, continuous efforts on these issues lead towards effective cooperation in poverty reduction.

Comprehensive
Poverty Reduction
Assistance:

- Balance between economic growth and social development
- Pro-poor growth
- Country-specific cross-sectoral poverty reduction cooperation

3-2-1 Assistance for Comprehensive Poverty Reduction

(1) Assistance that Balances Economic Growth and Social Development

Japan’s ODA Charter revised in 2003 holds that “Japan will support human and social development in the developing countries. At the same time, sustainable economic growth, increase in employment and improvement in the quality of life are indispensable for realizing poverty reduction and Japan places importance on providing assistance for these issues accordingly.” For the balanced assistance, **we must adequately consider the economic conditions, the economic and social structures and the current state of income distribution of individual countries. Then, strategies for specific economic and social development measures must be considered based on the actual conditions of the country.**

JICA identifies priority sectors and issues for assistance in JICA Country Programs, but it has not given enough consideration in incorporating a balance between economic development and social development and/or the combination of them. JICA must specifically consider balanced assistance to economic and social development while investigating aid allocation to the sectors and issues of a country, based on economic, political, social and other considerations of macro aspects. JICA must look into poverty reduction and the impact of it on the poor in its overall assistance.

(2) Assistance to Pro-poor Growth Policies

From the perspective described above, it is important to consider **pro-poor growth policies** (see Box 3-1) and to provide poverty reduction support.

We are still in the exploratory stage in terms of specific measures for pro-poor growth and measures will vary depending on the country. Research that has been conducted so far, indicates that “stabilization of macro economy,” “development of legal and institutional governance” and “improvement in access to social and economic capital for the poor” are effective for both economic growth and poverty reduction²⁴. JICA has gradually begun to address these issues in its projects. However, in many cases, projects are planned and implemented without a clear awareness of as to what extent these efforts are really contributing to poverty reduction. From a poverty reduction perspective, JICA should consider cooperation, systematize experiences and lessons learned and accumulate and utilize this information as know-how.

Development of the area and industries in which the poor live and work is also effective for pro-poor growth. For instance, about three-quarters of the world’s poor live in rural areas and therefore, if JICA supports rural development **from the perspective of poverty reduction and industrial**

²⁴ JICA (2003)

Box 3-1 What is Pro-poor Growth?

It is generally accepted that economic growth is a necessary condition for sustainable poverty reduction. However, economic growth alone is not enough, as is evidenced in countries that have the same economic growth rates but significant differences in poverty reduction rates. Thus, not simple economic growth but “pro-poor growth” is considered as important. Pro-poor growth has been explained as, “a growth process that reduce the absolute poverty head-count²⁵,” “growth in which the poor participate proactively in economic activities and that they are able to reap significant benefits from economic growth”²⁶ and “policies that promote growth reduce poverty at the same time.”²⁷ However, the term “pro-poor growth” is often used with no clear definition and there is no agreed-upon clear definition of the term.

There is no consensus on policies, which will bring about the greatest degree of poverty reduction. However, some policies are agreed as basically important. In terms of policies that promote growth and at the same time, contribute to poverty reduction, there is a consensus on the following three policies: “development of legal and institutional governance,” “improvement in access to social and economic capital for the poor” and “stabilization of macro economy.” In addition, “promotion of growth that is labor-intensive and generates employment” “correction of inequality and discrimination,” “emphasizing rural development and agricultural sector,” “integration into markets” and “addressing risks and external shocks to the poor” are also usually thought to be policies that contribute to poverty reduction.

Political, economic and social structures vary through countries, as do the patterns of poverty and inequality, making it impossible to apply one specific policy package to all countries. We should investigate appropriate pro-poor growth strategies according to countries, regions or types of developing countries.

development that provide employment opportunities to the poor, these efforts will contribute significantly to poverty reduction.

(3) Country-specific Comprehensive Poverty Reduction Strategies (Cross-sector Approach)

The factors causing poverty vary according to countries and regions and the issue of poverty is very closely related to other global issues such as gender, environment, population, HIV/AIDS and peace building. **Measures for poverty reduction must, therefore, be comprehensively considered and implemented by the different countries and regions.** JICA has drawn up poverty profiles²⁸ (with descriptions of each country’s poverty conditions and poverty reduction

²⁵ Booth (2001) p.15

²⁶ Kakwani and Pernia (2000) p.3

²⁷ Stiglitz (2002) p.82

²⁸ JICA poverty profile includes poverty indicators, poverty conditions, measures and current status of assistance.

policies) for 29 countries and is considering poverty reduction assistance according to the country's economic, social and political situation. However, JICA has not yet formed and implemented country-specific comprehensive poverty reduction strategies.

Therefore, **cross-sectoral coordination, consideration and implementation are needed for country-specific poverty reduction assistance**. In particular, when a country has PRSP or other poverty reduction policies, JICA's assistance must be consistent with them and be clearly placed in them.

Mainstreaming
Poverty Reduction in
JICA:

- Increase in poverty reduction projects
- Incorporation of the perspective of poverty reduction in JICA's activities

3-2-2 Mainstreaming of Poverty Reduction in JICA's Activities

In order to promote the actual poverty reduction as an aid-implementing agency, JICA should expand poverty reduction cooperation and incorporate the perspective of poverty reduction in JICA's activities.

(1) Expanding Cooperation that is aimed at Poverty Reduction

To expand assistance that is clearly aiming at poverty reduction, it is important to **clarify poverty reduction projects and build a framework for project formulation, implementation and monitoring from the perspective of poverty reduction**.

Poverty reduction projects should also be entrusted to **local or Japanese NGOs, universities and local governments** who are very familiar with the country's culture and customs and can establish methods to carryout effective cooperation in poverty reduction.

(2) Incorporating the Perspective of Poverty Reduction in JICA's Projects

JICA's cooperation is not always conducted with adequate consideration regarding the kind of impact the cooperation will have on the poor in the country. To improve this, it is important to create a poverty profile for each country. Forecasts must be made on the specific positive and negative impacts on the poor. Measures should then be implemented that would maximize the positive impacts and prevent the negative ones.

3-2-3 Partnership with Other Organizations and Human Resource Development

A multi-dimensional approach is needed for poverty reduction and it requires cooperation between diverse actors in addressing the issues. **In particular, partnerships and cooperation among local and Japanese NGOs and universities** who are familiar with the cultures and customs of the country and **with Japanese local governments that have experience in rural**

Partnership with Other Organizations, and Human Resource Development:

- Partnerships with NGOs and local governments
- Human resource development related to policy formulation and to community empowerment

development and community-participatory administrative services are essential in JICA's efforts towards poverty reduction. Maintaining its strengths, JICA should investigate implementation methods and schemes that address poverty reduction in a mutually complementary cooperation with these organizations and build the effective and efficient framework of these partnerships.

In addition, poverty reduction requires not only experts, who have focused on technical transfer, but also people who can assist in the formulation of poverty reduction policies and plans that are appropriate for each country. In addition, experts are also required who can conduct socioeconomic assessments, analysis and promote the organization and empowerment of regional communities. At present, Japan has an acute shortage of human resource that can implement these matters. For example, specific training systems for people with field experience through JOCV or NGO activities are required to enhance their expertise on social assessments and community organization.

Accumulation and Dissemination of Information:

- Dissemination of information and donor coordination planning
- Assignment of experts and Project Formulation Advisors to gather and disseminate information

3-2-4 Accumulation and Dissemination of Information

As was mentioned earlier, there is a growing importance in poverty reduction for coordination and cooperation among stakeholders in the donor and recipient countries and targeted beneficiaries. However, JICA has not always offered enough information to the recipient country or to other donors. For poverty reduction, as it requires a comprehensive approach, JICA must reconfirm that the need for partnerships and cooperation with other stakeholders is greater than in cooperation in other sectors. When carrying out poverty reduction cooperation, **JICA must include in its plans, as a part of the activities, the dissemination of information to and coordination with other donors.** In addition, in countries where JICA is carrying out a significant amount of poverty reduction cooperation, JICA should assign experts and Project Formulation Advisors to carry out socioeconomic analysis, monitoring and should establish a system for accumulating and disseminating information on poverty reduction cooperation as one part of the overall cooperation.

The information should also be disseminated within Japan. JICA must specifically investigate ways to facilitate further cooperation and coordination with Japanese stakeholders (NGOs, universities, private sectors and local governments).

