Why the Quality of Growth Matter?
from Japan’s experiences

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1. Development landscape of today

2. What do we mean by Quality Growth?
Theme 1:

Development landscape of today
2015: a Milestone Year

2014 was 60th anniversary of the Japan’s ODA

2015 is

• 70th anniversary of the end of World War II
• Target year for Millennium Development Goals (MDGs)
• The new Development Cooperation Charter approved by Japanese Cabinet in February
• Launch of the Sustainable Development Goals (SDGs) on 25 September
In the first decade of 21st Century:

- Developing and emerging economy share of global GDP rose, and is forecast to continue

- Number of low-income countries fell, but poverty in sub-Saharan Africa may continue to rise

- Growing concentration of extreme poverty in fragile states, but also persistence in middle income countries
Developing and emerging economy share of global GDP rose, and is forecast to continue
Number of low-income countries fell, but poverty in sub-Saharan Africa may continue to rise

There are now only **34** low income countries


Growing concentration of extreme poverty

- **Chandy et al.**
- **Kharas and Rogerson**

**Graph 1:**
- Share of global extreme poverty in fragile states (%)
- **2010:** 38%
- **2015:** 46%
- **2030:** 75%

**Graph 2:**
- Millions living under $1.25 per day
- **2012:** 1,200
- **2015:** 1,000
- **2020:** 800
- **2025:** 600
- **2030:** 400

Source: DFID staff projections (2014)
Post-2015 development challenges

- Still more than one billion people living in extreme and hopeless poverty
- Worsening domestic and global economic disparity
- Development problems are increasingly complex and global...
Some development challenges:

- Refugees/Migration
- Natural Disasters
- Urbanization
- Pandemics
- Climate Change
- Food Security
- Energy Crisis and more...
Sustainable Development Goals

Background for the new Charter

• Development challenges are more diverse, complex, and widespread
• Increasing role of funds and activities other than ODA for development of developing countries
• Globalization
Basic Policies
A. Contributing to peace and prosperity through cooperation for non-military purposes
B. Promoting human security
C. Cooperation aimed at self-reliant development through assistance for self-help efforts as well as dialogue and collaboration based on Japan’s experience and expertise
Priority Issues

A. “Quality growth” and poverty eradication through such growth

B. Sharing universal values and realizing a peaceful and secure society

C. Building a sustainable and resilient international community through efforts to address global challenges
Theme 2:

What do we mean by Quality Growth?
Quality / Quantity argument

If we pursue the QUALITY, the QUANTITY of growth declines…

Is this TRUE?
“Quality growth” and poverty eradication through such growth

• For fragile states, Japan will provide both assistance from a humanitarian point of view and assistance designed to set the development process in motion and overcome vulnerability.

• In order to resolve the poverty issue in a sustainable manner, it is essential to achieve economic growth through human resources development, infrastructure development and establishment of regulations and institutions as well as the growth of the private sector.

• Such growth should be “quality growth” (Inclusive, Sustainable, Resilient). Japan will take advantage of its own experience, expertise and technology as well as lessons learned in order to provide assistance to realize it.

• From this perspective, Japan will provide assistance necessary to secure the foundations and the driving force for economic growth as well as assistance necessary to promote people-centered development that supports basic human life, taking full account of the importance of human and social development.
Key concepts for Quality Growth

Three concepts from the Charter

• **Inclusiveness** (reduce disparity, empowerment of women, governance)
• **Resilience** (disaster risk reduction)
• **Sustainability** (environment, climate change)

AND

• **Innovation** (knowledge & technology)
Project Summary: Rehabilitation of the community road through participatory process.

- A committee consisted of representatives from relevant local villages was set up to take decisions.
- Local administration had regular meetings with the committee to move the project ahead.
- Villagers were invited to workshops to express their needs.
Project summary:

• Skill trainings were provided to demobilized soldiers with disabilities.

• Trainings was provided to mixed groups of demobilized ex-combatants (i.e. ex-RPA, ex-armed group etc.).

• After the training, the graduates formed associations to run their own business.
Outcome:

- Reconciliation was promoted among different groups of ex-combatants and civilians.
- Relationship was strengthened among local government, training centers and organizations supporting people with disabilities.
- Support was expanded to civilians with and without disabilities using the know-how for the ex-combatants’ training.
Inclusiveness and Human Security

From the Charter:
Promoting human security
• Human security is the guiding principle that lies at the foundation of Japan's development cooperation.
• Japan will thus focus its development cooperation on individuals - especially those liable to be vulnerable – and provide cooperation for their protection and empowerment so as to realize human security.
• Japan will also proactively contribute to promoting basic human rights, including women's rights.
Sustainability: Cerrado

Scenery before the Cooperation for Cerrado Agricultural Development

Scenery after the Cerrado Agricultural Development

(Source: Yutaka Hongo, Senior Consultant of JICA)
Sustainability: Cerrado

Cerrado Miracle

• Diversification and food value chain
• New industries created jobs and enabled people to participate in the growth
• Conservation of environment
Figure 3.14  Spatial Distribution of Land Use in the Cerrado

Source: Edson Eiji Sano et al., Mapeamento semidetalhado do uso da terra do Bioma Cerrado, P.153
Resilience: Disaster Risk Reduction

- Disaster Management Cycle
  - Disaster
  - Response
  - Rehabilitation & Recovery
  - Prevention & Mitigation
  - Preparedness

- Recovery should aim for building “disaster resilient society”, not recovering to the pre-disaster condition.
- Use disaster as a trigger to realize disaster resilient societies.
- Break “negative spiral of disaster & poverty”, by reconstructing the disaster hit community “more resilient” not to the pre-disaster condition.

Build Back Better
To apply the “Build Back Better” principle

- Japan Disaster Relief (JDR)
- Project on Rehabilitation and Recovery from Typhoon Yolanda (Study on Urgent support)
Innovation : Thai Automobile Industry

- Japan supported Thai government's export promotion policy through the provision of Japanese ODA loans for infrastructure development (ports, industrial estates, water pipelines etc.) + One Stop Service of FDI approval + Industrial estates constructed by Thai developers
- Formation of export-oriented automobile industrial clusters with 360,000 job creation (‘Detroit of Asia’.)

Auto plants in Thailand include Ford-Mazda AutoAlliance (center) and GM behind it.

The Eastern Seaboard at Rayong became a ‘Detroit of the East’ as a few global manufacturers set up factories there to make pick-ups.
Concluding thoughts

- 21st Century’s economic growth should be achieved through **Quality** growth.
- What is **Inclusive** should be **Sustainable**, and vice versa. So it is with **Resilience**. Overarching principle is **Innovation**.
- Reality is always **on the ground**.
Thank you.

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