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Working Paper Bridges Research and Practice in Bangladesh

In January this year, JICA-RI released a working paper titled “[What Makes the Bangladesh Local Government Engineering Department \(LGED\) So Effective? Complementarity between LGED Capacity and Donor Capacity Development Support.](#)” In this paper, senior research fellow [Yasuo Fujita](#), based on his experience involving LGED and thorough analysis with managerial and organizational theory, unfolded the strengths of this exceptionally well-functional governmental organization in Bangladesh. [\[Go to related article\]](#)

As Fujita visited its capital Dhaka in April for a feedback trip, the chief engineer Mr. Wahidur Rahman -- the head of LGED -- expressed gratitude for his well-balanced analysis of the organization. There Mr. Rahman assured that LGED would implement the recommendations for making the organization more effective. The chief engineer, upon receipt of the paper, arranged to have their officers read it while the copy was provided to relevant officials of the Bangladeshi Government and donors. Also, the same paper was featured in detail in LGED's quarterly newsletter. He stated that the paper was valued, particularly because Fujita, who is familiar with the organization as a development practitioner during his two-year assignment in the country, conducted this analysis using a coherent theoretical framework.

In a conversation with Mr. Rahman, Fujita was told that this working paper, focusing on LGED's effectiveness, is a rarity and complementary to most donor's technical assistance reports which usually identify weaknesses and advise corrective measures for overcoming them. Early this year, LGED presented proposals for major organizational strengthening to the Government, which include to double the number of staff at the head office and streamline the structure, and to create seven division offices and delegate HQs' functions there. The talks are ongoing. For this effort, LGED considers the JICA-RI's paper as a supporting document along with Op-

erational Risk Assessment Report 2008 by the World Bank. Fujita says: “Their proposals are in line with the findings of the working paper, which pointed out the problems of the high-positioned officials' overload and the complex head office structure. Their plan will not only improve the organizational structure, but motivate the staff by increasing promotion opportunities.”

Fujita also gave a 2-hour presentation on his paper before approximately 40 LGED officials. In a following discussion session, one of the attendees commented that the paper is useful for bridging knowledge gap between management/organizational theory and practices of their capacity strengthening. Some elaborated on LGED's characteristics such as quick response to people's demands, adaptability to political and

policy changes, and good external relations with stakeholders, saying these could have been mentioned more in the paper. Meanwhile, others listed their weaknesses and concerns over the organizational sustainability like weakening knowledge-base, the risk of discontinuation of important functions under annual development budget, succession of the organizational culture, and the need to cultivate future

leaders. Fujita explains: “Their staffs have always been eager for a positive change. The concerns on the LGED's future reflect their strong ownership over the organization. Since the issues are beyond the scope of my working paper, I would suggest that JICA and donors consider capacity development support to LGED.”

By referring to the valuable feedback from LGED, Fujita plans to revise the working paper and publish it in a different form in the future.

Since its inception, JICA-RI has aimed to produce research contributing to the improvement of effectiveness in development assistance, and will continue to promote active dissemination of research findings to JICA's development partners such as LEGD further.



Rural market constructed under LGED's project

Determinants of Location Choice and Its Effects on Performance

How do “industrial clusters,” or concentrations of stores and workshops producing similar and related products, influence the development of an industry? In a [working paper](#) published in March, JICA-RI presents the results of an empirical study on the furniture industry of Arusha, Tanzania as part of the research project “[Empirical Study on Industrial Clusters in Africa, the Role of Space, Infrastructure, Human Resources and Social Capital.](#)”

The Role of Ethnic Networks

The Tanzanian city of Arusha (estimated population of 270,000) is a popular staging point for tourists visiting Mt. Kilimanjaro. According to a survey conducted by JICA-RI in 2007, there are 234 furniture workshops in this area, most of which are micro-enterprises with 2-3 workers, manufacturing and selling furniture such as beds, desks, and chairs. The furniture workshops are mainly located in five distinctive sub-clusters. JICA-RI's project, which was completed this spring, investigated the determinants of location choice among local furniture producers and whether their locational choices affect the productivity.

In interviews with all 234 workshop owners in the region, close to 70% of the entrepreneurs identified “(easy access to) a large number of customers” as one of the reasons for their locational choice. However, empirical analysis results revealed that only a few sub-clusters fit this condition. In fact, furniture producers were more likely to operate in sub-clusters where a) ‘industrial peers’ from their own ethnic group have gathered, or b) there is a presence of relatively large workshops (with 5-6 employees).



Workshop selling sofas in Arusha, Tanzania

Literature on agglomeration economics suggests that entrepreneurs in general tend to settle in sub-clusters that require low transaction costs (e.g., transportation costs). Referring to the role of ethnic



Yessica Chung RA (right)

networks in business site selection, JICA-RI research associate [Yessica Chung](#) says: “Members of the same ethnic group share the same language. As most of the workers in Arusha’s furniture industry are not highly educated, it is natural for workshop owners to seek the benefit of knowledge spillovers from their own ethnic groups that share the same cultural background and language.” Expectation of knowledge sharing can also be an explanation for why sub-clusters with larger workshops are preferred.

Presence of Well-integrated Upstream Industries

The question here is whether the locations thus selected actually enables firms to perform better. Analyses show that relying on ethnic networks, or locating businesses near larger-scale industrial peers, does not necessarily lead to better performance. “This may seem surprising at first, but when you look at it closely, it makes sense. Significant benefits of knowledge spillovers cannot be expected, since most furniture producers do not possess advanced technologies to begin with,” Chung explains, pointing out the importance of training to improve techniques and product quality.

In contrast, it was discovered that locating business within sub-clusters with a sufficient number of machinery shops (wood processing firms) contributes to superior performance. This implies that the existence of machinery shops, or “upstream” industries, enhances the performance of furniture workshops in the area. “Even if naturally formed, clusters that allow cooperation between the upstream and the downstream of the production chain are more likely to promote the development of the industry,” Chung observes.

International Dialogue Working Group Meetings Held in the Democratic Republic of the Congo

Working group meetings of the International Dialogue on Peacebuilding and Statebuilding were convened in Kinshasa, the Democratic Republic of the Congo on April 13 and 14. These meetings were co-hosted by the International Network on Conflict and Fragility (INCAF) -- a subsidiary body of the OECD Development Assistance Committee (DAC) -- and g7+ (group of fragile states).

The working group meetings were on “[capacity development \(CD\)](#)” and “aid instruments.” About 40 participants attended from donors, fragile states or regions, international organizations, and civil society representatives. [Ryutaro Murotani](#), research associate from JICA-RI, was among them.

In the CD working group, NGO representatives stated, “Enhancement of state capacity needs not only strengthening of the administrative function of the state, but also improvement of civil society’s capacity.” Toward the Forth High Level Forum to be held in Korea in November, JICA-RI has been conducting a joint research with the

Brookings Institution and the Korea International Cooperation Agency. Based on the research findings, Murotani said, “For a realization of CD, fragile states must start with recognizing their own capacity and what’s lacking there.” He suggested conducting Capacity Assessment to identify the need for CD “for what, for whom, [and] in what context,” emphasizing the importance of sharing the results with concerned parties including donors.

Meanwhile in the aid instruments group, the fragile states’ representatives pressed donors to utilize general budget supports mechanism more. However, as financial assistance to dysfunctional governments involves a considerable risk, the majority of participants said that they should find an appropriate mixture of aid instruments depending on each situation.

The International Dialogue, after arranging its draft proposal, aims to submit a finalized edition at the next High Level Forum, where international frameworks of development assistance are to be discussed.

Cairo CD Workshop: Experts Worldwide Agreed on Priority Actions before High Level Forum

In order to move the discussions on capacity development (CD) further, the Egyptian Government organized a two-day workshop from March 28. This was held in Cairo, with support from OECD, JICA and the CD Alliance, a “Southern-led” global CD network.

A group of about 70 policy makers, aid practitioners and researchers on CD gathered from donor organizations, partner countries, think-tanks and academia. The participants include JICA, EU, UNDP and the World Bank; Colombia, Indonesia and Malawi; to name a few. The workshop, titled Cairo Workshop on Capacity Development: From Concepts to Implementation, aimed to examine progress in accomplishing goals set by the Accra Agenda for Action -- the outcome of the High Level Forum on aid effectiveness in Accra, Ghana in 2008 -- and to prepare for the next forum scheduled in Busan, Korea this winter.

The event covered topics such as “Assessing CD Priority Needs” and participants exchanged

a variety of views. Here, a JICA representative gave a presentation on its rich experiences of CD-oriented development operations and pointed the significance of CD. The audience welcomed it with a high evaluation, remarking that it was the sole report on practical cases of CD assistance, while most discussions at the workshop remained at the conceptual level. [Shunichiro Honda](#), research associate coordinating CD research at JICA-RI, says, “It reaffirms the relevance of our research strategy, which focuses on concrete case studies of JICA’s efforts in CD assistance.”

The active dialogues during the workshop culminated in the adoption of “Cairo Consensus on Capacity Development: Call to Action.” The consensus document calls for a “shift to an approach which is demand-driven and results focused, owned by the country, and which builds on existing capacity” with a list of priority actions. The upcoming Busan forum is expected to reflect the Cairo Consensus in its agendas.