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Hot Issue

In Search of Effective State-building Support to Countries in “Fragile” Situations

JICA-RI, in collaboration with staff of other JICA departments, is working on an analysis of JICA’s experiences in state-building support to various Asian countries in “fragile” situations.

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JICA conducted surveys in such Cambodian farming villages.



Reviews

Financial Crisis and African Development Prospects

JICA-RI Research Fellow Jean-Claude Maswana is preparing a working paper on the impacts of the global financial crisis on Africa and its development prospects. In it, he details how the current crisis is resulting in fragile safety nets and deteriorating living standards throughout the continent.

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Reviews

Credit, Social Capital and Trust in Sri Lanka

The relationship of financial credit, social capital and community trust is the topic of a working paper soon to be published by JICA-RI Visiting Research Fellow Yasuyuki Sawada and his co-authors. The paper uncovers a vicious cycle in which constraints in access to credit reduce social capital formation and community trust, thereby leading to exacerbated poverty.

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In Search of Effective State-building Support to Countries in “Fragile” Situations

State-building in so-called “fragile states,” a condition where the core functions of the state have been severely weakened by negative impacts such as violent conflict, is one of JICA-RI’s priority research themes. As part of its research in this area, a comparative analysis of JICA’s experiences of state-building support in three Asian countries is underway, and part of the interim findings has been supplied to the World Bank as a background paper for the compilation of the World Development Report 2011 (WDR 2011) on state fragility, conflict and development.

Three papers on JICA’s experiences were all authored by JICA staff. Papers on Cambodia and Afghanistan were written respectively by Ryutaro Murotani (JICA-RI) and Eiji Wakamatsu (formerly Operations Strategy Department staff). A Mindanao case study was jointly composed by Naoyuki Ochiai (Southeast Asia Division), Naofumi Nagaishi (Philippines Office) and Tomonori Kikuchi (Senior Advisor for Reconstruction and Development in Mindanao).



(Left to right) Naoyuki Ochiai, Eiji Wakamatsu and Ryutaro Murotani

The three papers share the common analytical framework which assumes that to be successful, state-building must proceed along the following three dimensions: (1) institutional and human capacity of state machinery must be built, (2) communities and other societal groups must be empowered, and (3) state legitimacy through state-society connections must be established.

A workshop was held in late January at the JICA headquarters in which the interim papers were presented, and where JICA-RI Director Keiichi Tsunekawa highlighted the significance of this joint intellectual exercise between practitioners at JICA and researchers, which has led to a systematic review of JICA’s experience in the field.

Murotani, author of the Cambodia paper, reported at the workshop that a public opinion poll in the country suggests that foreign assistance including that of JICA in infrastructure development and other areas are generally perceived as having contributed to the country’s stability and state legitimacy. On the other hand, he also cautioned that there remain seeds of state fragility in the country, like widespread corruption and frequent conflict in land tenure, suggesting that societal empowerment is yet to be promoted.

For the WDR 2011, Tsunekawa has contributed a paper on Japan’s Meiji Restoration and post-war reconstruction experience. On April 5, a World Bank event for regional consultation for WDR 2011 will be held in Jakarta with support from JICA and ASEAN. Also as part of the World Bank-JICA collaboration, an **international forum** hosted by the two organizations will be held on April 2 at JICA-RI.

Financial Crisis and African Development Prospects

JICA-RI Research Fellow Jean-Claude Maswana is completing a working paper to be published in the near future entitled “Global Financial Crisis and Recession in Africa: Impact and Development Prospects.”

The paper details how the financial crisis has impacted African economies resulting in shrinking commodities exports and financial inflows. He illustrates how dwindling government revenue and remittances exacerbated by rising unemployment are resulting in fragile safety nets and deteriorating living standards.

The paper also elaborates on foreseeable risks in coming African development prospects. These include, for example, “structurally-rigid”

African economies being unable to synchronize with trends in developed economies such as the US current account adjustments. Based on historical data, the paper suggests that the US current account correction may be influencing African economic growth negatively.

Maswana said that the implications from this study are intended to help avoid mistakes of the past by African policymakers and donor agencies who have occasionally based their policies on over-optimistic projections of economic growth while ignoring some of the unintended effects resulting from external account corrections and the shift in the pattern of production and consumption in industrialized economies.

Credit, Social Capital and Trust in Sri Lanka

How constraints in obtaining credit affect social capital accumulation in rural Sri Lanka is the topic of a JICA-RI working paper to be published this month. Written by JICA-RI Visiting Fellow Yasuyuki Sawada, Masahiro Shoji (Seijo University assistant professor and lead author) and their team, the paper is an output of a quantitative JICA-RI **research project** on irrigation infrastructure and its impact on socio-economic welfare in Sri Lanka.

Social capital in the context of the study refers to the voluntary communal activities Sri Lankans participate in for the overall benefit of the collective whole such as maintaining irrigation facilities or other community works. The paper examines the process of social capital formation in the study area over time, and then investigates

the effects of long term change in social capital stock.

Among the findings, the paper points out that credit constraints reduce participation in social capital facilitating activities, and at the same time diminish the level of trust among villagers. Evidence suggests that credit constraints create a vicious circle of lower trust and further decrease in access to other forms of credit, leading to greater poverty.

The project capitalizes on a unique household level dataset collected in the field by JICA over ten years that captures, for example, levels of trust, types of social capital investment and seasonality in socio-economic behaviors of villagers.