

# Study for Development Assistance

## “POVERTY”

July 1990

Aid Study Group on Poverty  
Japan International Cooperation Agency



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## Foreword

According to estimates by the World Bank, the number of people throughout the world who have been forced to live in poverty is in excess of 950 million, but the factors and conditions which generate poverty vary considerably in specific regions of the world. Poverty alleviation has been a major issue tackled by concerned aid-donor countries and aid organization for many years. From around the mid-1970s, there has been a gradual shift in philosophy from giving top priority to economic growth, as practiced in the 1950s and 1960s, to placing more emphasis on basic human needs (BHN). Despite efforts made in this direction, however, there have been no signs of a decline in the number of people at the poverty level. Consequently, DAC and other relevant organizations have been grappling with ways to introduce "alternative development paths" which will enlist the participation of local residents and guide them to self-sufficiency.

Ever since the establishment of the first medium-term target for the official development assistance expansion program of 1977, the Government of Japan has been striving to alleviate poverty by expanding and bolstering aid for BHN. Aid for basic human needs (BHN) accounted for 25.9 percent of Japan's total ODA in 1988; looking only at grant aid and technical cooperation, the BHN share amounted to 63.2 percent. Nevertheless, as already noted, it is anticipated, both in Japan and overseas, that an effective program of assistance for poverty alleviation will have to be realized. Consequently, even more positive countermeasures must be undertaken by Japan.

This Study Group was inaugurated in September 1989 under the consignment from the Japan International Cooperation Agency (JICA). Since then, it has organized eight meetings, including one open forum; has carried out field surveys in regions of Asia and Africa, and has convened numerous deliberations on the proper forms of aid for poverty alleviation which should be provided under Japan's ODA. I would like to express appreciation to all the members of the Study Group for their cooperation in conducting the surveys and deliberations and in compiling this report. In addition, I want to make a special note of appreciation for the cooperation from concerned divisions of the Ministry of Foreign Affairs and for the solid support given by the task forces comprised mainly of staff members of the JICA.

This report has been compiled as a result of joint efforts by all the aforementioned. In view of the seriousness of the poverty problem, its unique manifestations in specific regions, and the urgent need to adopt countermeasures, it is our sincere hope that this report will contribute to the realization of an effective aid program for poverty alleviation.

July 1990

Sadako OGATA

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# **I. Basic Framework for Considering Alleviation of Poverty**

## **1. Status of World Poverty**

According to estimates by international organizations and others, the number of people throughout the world who are forced to live in poverty is approximately 950 million (1988), and more than half of this number, or about 500 million people, dwell in Asia (350 million in South Asia and 150 million in East Asia). Approximately 280 million live in Sub-Sahara Africa and about 80 million are in Latin America. Another 90 million dwell in North Africa and the Middle East. There are almost no optimistic forecasts that living conditions for these people will be improved in the near future or that their numbers will diminish. The conditions of poverty vary considerably with regions. The majority of people at the poverty level in Asia are so-called "landless farmers" who dwell in the farm villages of densely populated areas. Among the major causes of such poverty are high population pressure (demographic factor) against arable land, social stratification resulting from the merchandise economies (economic factor), or land inheritance customs (sociological factor). One manifestation of this poverty is the problem of unstable employment and poor housing suffered in the informal sector by those who have been forced by the aforementioned factors to leave villages for urban districts. On the other hand, in the regions of Sub-Saharan Africa poverty is results from shortages of food resources, which became apparent with mass starvation in the early 1970s and again in the early

1980s, environmental deterioration, as exemplified by further destruction of forests and desertification; and population growth which is progressing more rapidly than in any other part of the world. In Latin America, in addition to gaps in income and living standards between those in rural districts and in urban districts, as witnessed in Asian regions, unstable political and economic conditions are also a major cause of poverty.

## 2. Development Assistance Policies versus Poverty

Modernization and development theory has long maintained that the cause of poverty lies in economic stagnation induced by a scarcity of capital, and that rapid economic growth is the only way to solve the poverty problem. The "Trickle Down" theory, which takes the GNP as the index of a nation's economic development and growth, and which maintains that the benefits of GNP expansion gradually spread or "trickle down" to the poverty level, was widely accepted.

Such theories of development, which place priority on economic growth, formed the basis of development programs and aid policies for the developing nations in the 1950s and 1960s, but from the beginning of the 1970s, arguments began to emerge in all quarters over policies which put priority on economic development. It was conjectured that such policies were inadequate for resolving the problems of poverty, that they distorted the structure of income distribution, and that they actually detracted from the welfare of the poor. As a result, development and assistance strategies were proposed which

called for direct action against poverty, with emphasis focused on BHN.

In the 1980s, however, it became evident that the effects of measures taken by overseeing agents, such as the central governments of developing countries or foreign aid organizations, on the basis of the BHN principle, did not reach the poor people adequately, that they lacked sufficient mechanisms for resolving the problems of poverty. At present, as voices are clamoring loud for revision of "Development and Aid Policies from the Top," emphasis is being put on self-reliance at the community level for alleviating poverty, and efforts are being made to explore the possibilities of endogenous development. Instead of development with priority on economic growth, an alternative mode of development, based on the traditional cultures and technologies of local communities, is being explored in which the people themselves take part in decision-making so that the poor people can secure basic necessities including food, clothing, housing, education and health.

For the 1990s, various aid organizations, led by DAC, have targeted the construction of appropriate and continuous assistance programs in which residents participate. In extending assistance in the future, more detailed measures will have to be adopted, in consideration of the three factors mentioned above, so as to eliminate the gaps in the regions or countries of developing countries, which are so intricately interwoven.

### 3. Structural Adjustment Policies and Their Impact on the Poverty Strata

In recent years, as the problem of accumulated debt grows more acute among developing countries, many of these countries have adopted structural adjustment policies on a macroeconomic scale as proposed by the World Bank and the IMF. Structural adjustment policies are designed to rectify economic structural disparities among a number of developing countries by introducing the effectiveness of market economics and by eliminating waste in public finances. Hence they are expected to contribute to economic development and poverty alleviation in developing countries over long terms. On the other hand, structural adjustment policies also have a negative aspect. They have enormous negative impacts on the poor as a result of cuts in social services and in funds for assistance, increased unemployment due to retrenchment policies, increases in public utility rates and in food product prices, etc. Over the short term, they decrease the income and increase the expenses of the poor. Again, from the standpoint of services in the social sector, structural adjustment policies adversely affect the foundations of life of the poor. For these reasons, special rectification policies must be adopted to support life for the poor over the short term until the benefits of growth in the economy as a whole can reach them.

The World Bank itself has acknowledged that "cooperation from other international organizations or bilateral aid donors must be obtained and that financial and technical cooperation for specific purposes must be considered so as to compensate for the impact

of structural adjustment policies on income and employment.”  
(From 1986 executive appraisal report by the World Bank.)

In response to the impact of this social dimension of adjustment on the poor, the UNDP and the AFDB (African Development Bank) have inaugurated programs to alleviate the impact of the social dimension, and the World Bank has launched a special program of financing for the poor to run parallel with structural adjustment policies. Given these conditions, calls for swift establishment of measures against poverty are becoming louder and louder.

#### **4. Present Status of Japan's Poverty Assistance Program**

##### **(1) Fundamental Perspective**

Japan's overseas assistance program is based on the concepts of “recognition of interdependence” and “humanitarian considerations.” With respect to the poverty problem, the “National Diet Resolution Concerning International Development Cooperation” was passed by a plenary session of the Upper House on June 22, 1989. In this resolution, “emphasis on the conquest of poverty and the improvement of basic living conditions, especially for women and children” was reconfirmed as one of the fundamental principles of international development.

##### **(2) Present Status of Measures**

Full-scale, scheduled expansion has been earmarked for Japan's ODA ever since the First Medium-Term Target was

established in 1977, and expansions have taken place in succession up to the Fourth Medium-Term Target.

Looking at the present status of poverty assistance from a overall perspective, it is evident that steps are being taken to fully satisfy BHN, primarily through grant aid, and to develop and improve social infrastructure and services. In Asia and Africa, in particular, medical facilities, schools, and foundations for rural production are being prepared, and steps are being taken to establish facilities for the provision of drinking water and for the protection of public health and the environment. In recent years, moreover, "small-scale grant assistance" and a "NGO project subsidy system" have been institutionalized, and efforts have been made to expand lateral support to NGOs and other institutions that provide assistance to the poor at the grass roots level.

Among the various forms of technological cooperation, cooperation in the field of agriculture has been extended for elevation of agricultural productivity through improvement of plant and animal breeds and through development of production technology. In the field of social development, cooperation is being provided for social infrastructure and services, and in the field of health care, cooperation is being extended for primary health care (PHC), for measures against infectious diseases, and for population and family planning.

In the realm of loan assistance, the share taken up by large-scale infrastructures, namely, transportation, electric power, and telecommunications, has diminished while



structural adjustment lendings and non-project type loans have been increasing. Amid these circumstances, fund allocations for social infrastructure have been increasing and steps are being taken to establish and maintain water supply and sanitations, medical facilities, and educational institutions.

### (3) Limiting Factors

The aforementioned modes of assistance are contributing to the alleviation of poverty, but in view of the seriousness of the poverty issues and the scope of needs, Japan must work to promote tighter concensus among all its ministries and agencies involved in assistance, while also taking further measures at the stage of project formulation and implementation and redoubling its effort to consider poverty in the reinforcement of organizations. There is a need, for example, to collect information, through investigative surveys, on the present status of poverty and on problematical points, and to increase the number of personnel and organizations involved in the establishment of effective assistance programs to alleviate poverty.

Looking at individual assistance projects, we find that attempts are being made to improve public welfare among the poor by preparing small-scale production bases (e.g., roadways, bridges, crop fields, small irrigation facilities, foodstuff warehouses) and by establishing the foundations of society and daily life, such as primary schools, diagnostic and treatment centers, and water supply facilities. In the proposal and construction of such facilities, however, it is

crucial that steps be taken not only in compliance with the wishes of central governments and top-level organizations, but also to reflect the opinions of communities and to make full use of local agricultural technology and manpower. The most important requirement for implementing measures against poverty more effectively is the provision of funds to cover recurrent costs, including operational costs, the costs of training personnel, and administrative costs. Such funds, however, cannot be adequately provided under the present system. Moreover, this type of poverty alleviation assistance is distinguished for being small in scale and for requiring the cooperation of other parties. At present, however, Japan's system of assistance cannot always meet the requirements implied above because of the following limiting factors.

- (a) Awareness of the need to alleviate poverty has not permeated deeply enough.
- (b) Methods of formulating and executing specific measures against poverty have not been adequately established.
- (c) More consideration must be given to institutional and budgetary requirements for implementing measures against poverty.
- (d) An adequate system has not been established for carrying out detailed and human-resources-intensive countermeasures.

In full awareness of the background information given above, the Study Group makes the following recommendations concerning poverty alleviation measures.

## II. Recommendations

### Recommendation 1. New Approach to Poverty Alleviation

#### -- Amplification of Poverty Alleviation Assistance --

Confronted with a billion poor people, Japan must resolve to work for amplification of poverty alleviation assistance in accordance with international assistance movements so as to respond effectively to changes in global conditions.

The objectives of development in the truest sense cannot be realized simply in terms of macroeconomic indexes posted as figures. Economic growth is an indispensable condition for elevating the welfare of a nation as a whole, but is not adequate for raising the poverty level or the welfare of poverty districts. It is crucial to work for both economic growth and poverty alleviation.

Poverty is deeply intertwined with the country's political structure, economic policies and social institutions, and in attempting to solve poverty problems, both donor countries and recipient countries must adopt firm countermeasures. For Japan, there are two major factors to consider in adopting countermeasures. The first is that when commencing project aid, every effort must be made to eliminate obstacles to the improvement of welfare among the poor and to insure that the project has positive effects. The second is that Japan must work to expand upon poverty alleviation projects.

Poverty alleviation projects are classified into two categories. The first category covers projects aimed at improving welfare of all citizens, including the poor, through long-term countermeasures. The second category covers projects conducted through direct implementation specifically for the poorer countries, districts or

population strata. Since conditions surrounding the problem of poverty are so grave and require urgent measures, our recommendations concentrate on direct countermeasures.

Given that the final objective of aid is the alleviation of poverty, aid institutions should work to promote poverty alleviation assistance, both qualitatively and quantitatively, as early as possible in accordance with the recommendations and guidelines posted by this study group. In addition, it is vital to gain the understanding and support of a broad segment of the citizenry for poverty alleviation measures, and to seek further development of and cooperation from NGOs.

## **Recommendation 2. Prepare to Take Action**

### **-- Amplification and Reinforcement of Executing Institutions --**

Ever since Japan began to take part in aid provision, it has concentrated efforts on expanding aid. In recent years, however, aid activities have become remarkably diverse in character, so much so that existing executing institutions must be amplified and reinforced so that Japan can play an appropriate role in the realm of poverty alleviation assistance and work to substantially improve the effectiveness of its assistance.

Given that the social and cultural environments of poverty-stricken districts vary so widely, it is almost impossible to apply a uniform pattern of assistance to all of them. It is imperative, therefore, that planning, implementation, and evaluation of assistance measures be undertaken as close as possible to the target society. Accordingly, extensive efforts involving many people are required to provide

detailed countermeasures and assistance characterized by quick flexibility.

The first task is to ensure that everyone involved in providing aid for poverty alleviation works on the basis of a common awareness. For this purpose, the flow of duties among and within aid organizations must be coordinated and institutions must be reinforced to reflect this coordination.

Three important tasks must be fulfilled domestically. Firstly, poverty alleviation measures must be dealt with in an organized manner. Secondly, in implementing assistance, steps must be taken to ensure that poverty alleviation measures prove effective. Thirdly, a scheme must be drawn up whereby human resources and information scattered throughout Japan can be concentrated on poverty alleviation measures.

The tasks to be performed outside Japan are two. The first is to reconfirm that overseas offices play exceptionally important roles and to bolster their functions and roles. The second is to work to obtain greater vitality and effectiveness by employing more diverse human resources in terms of nationality, official position and composition. For example, participation by NGOs and local specialists in aid activities can be solicited.

More specifically, it is imperative that coordinators of poverty alleviation programs (hereinafter called "coordinators") be assigned to JICA overseas offices for long terms. These coordinators must possess a wealth of knowledge and expertise pertaining to their respective territories; their role is to contribute to the implementation of far-reaching poverty alleviation measures. In performing their duties, coordinators cooperate with aid recipient countries and international teams of experts, while also contributing at the local

level to surveys and to the proposal, formulation, implementation and evaluation of programs, thereby taking concerted action to improve and magnify poverty alleviation measures in aid recipient countries.

Coordinators hold the key to the establishment of poverty alleviation assistance as a long-term measure. Countries where assistance should be implemented on a priority basis have been selected and as many as ten coordinators have already been dispatched on a provisional basis. In this endeavor, moreover, adjustments must be made by JICA headquarters to put highest priority on the wishes of the JICA overseas office so that measures can be formulated and implemented smoothly.

Still another important item is the question of how much the aforementioned improvement policies can be guaranteed. For this purpose, maximum effort should be made to coordinate activities with specific improvement measures covering institutional and budgetary matters as mentioned in Recommendation 3.

### **Recommendation 3. Expansion of Grant Aid Budget and of "Assistance for Poverty Alleviation with Community Participation"**

#### **-- New Institutional and Budgetary Strategy --**

In order to realize assistance which directly reaches the poor in impoverished areas, special attention must be given to institutional and budgetary considerations in support of such assistance. The foremost issues at present, therefore, are expansion of the budget for grant aid and easement of institutional factors that limit aid activities.

In regard to the budget for grant aid, not only must the total budgetary amount be expanded; it is also necessary to increase the share of this budget directed for basic human needs (BHN) that benefit the poor in such areas as public health, medical care, education, rural and agricultural development. Organizations such as the DAC expect Japan to carry out more intensive cooperation in such fields also for humanitarian reasons. Moreover, it is important to shift emphasis within the field of BHN to those specific items and domains which are most effective in reaching the poor.

With respect to institutional limitations, the format of aid from Japan is such that grant aid activities, which are most effective for assisting the poor, consist mainly of "hardware" factors (construction of facilities and provision of equipment, materials, etc.). There is a conspicuous shortage of support covering "software" factors such as payment of recurrent costs, education and training, or institution building. Another limiting factor is the fact that the budget is always prepared and disbursed on the basis of a single fiscal year. It is extremely difficult to extend assistance directly to the poor by methods that are best suited to the specific regional community. There may be instances in which the effectiveness of grant aid, implemented within the framework of present conditions, proves to be inadequate. Indeed, institutional limitations must be eased so that aid can become more flexible and effective in meeting the unique, up-to-date requirements of specific local sites.

The first step in this direction is to adopt measures that will enlist the participation of the local people and allow them to demonstrate their full vitality; in this way, construction of a large number of small-scale facilities can be proposed. The second step is to bolster support for



covering recurrent costs (i.e., operational costs, staff training costs, maintenance costs) in the course of project implementation.

To complete the first step, there must be drastic expansion of "small-scale grant assistance" and the "NGO project subsidy system," institutions which were inaugurated in fiscal 1989. This measure alone, however, will not be sufficient since there are so many people at the poverty level and poverty alleviation has become such an important issue. There is also a need to expand "Assistance for Poverty Alleviation with Community Participation," as will be discussed below.

This approach calls for the establishment of projects in the form of packages for constructing numerous, small-scale facilities directly linked with the poor, and for the implementation of these projects through grant aid. In order to magnify the multiple effects of such projects on the local people, investigations must be conducted to explore the possibilities of using local resources, employing local staff and workers, and, most importantly, introducing formats (priority to local sources in contracts and procurements) which allow community participants to exercise leadership.

Support for recurrent costs is absolutely essential for making more effective, full use of "hard" items (facilities, equipment, materials) provided under grant aid. The principles of cost recovery and self reliance should be applied from a long-term perspective to poverty alleviation measures so that these measures can function continuously. In reality, however, poverty alleviation measures are unique in that as their impacts reach closer to the poverty levels, where organizational and financial resources are weak, the role played by the donor nation must inevitably become even more pervasive. Without support for recurrent costs, projects often cannot

be sustained. Accordingly, in providing poverty alleviation assistance, Japan should adopt a system whereby funds within a fixed range are always included for covering recurrent costs in the total amount allocated for project costs. In this way, support can be reinforced in terms of both financial and human resources and cooperation can be extended more effectively.

By taking the aforementioned steps, expansion and reinforcement of the executing organizations referred to in Recommendation 2 can get underway and a totally integrated solution to the poverty problem can be realized.

#### **Recommendation 4. For Learning Process Approach Cooperation**

##### **-- Project Formulation and Implementation --**

Poverty alleviation projects must be planned and implemented through a learning process approach so that cooperation will be flexible and efficient in adapting to changes in various conditions surrounding poverty and in realizing independent local communities. It is vital for Japan to extend cooperation while eagerly learning from experience at the local level about the latent potentials and roles of those at the poverty level in terms of political, economic and social dimensions.

Given that the poverty levels and districts have been estranged politically, economically and socially, the first step toward development is to encourage participation by the local communities. For the donor country, there must be greater awareness than ever before of the need to investigate a development process whereby, through trial and error, the local people at the poverty level can take part in

building their own independence, as well as the need to stimulate more powerful motivation among them in this direction. Accordingly, participation by local communities must be called for at the project planning stage and active measures should be adopted to make full use of their major potentials.

The scope of administrative functions in developing countries is limited, and in many cases, there is a lack of suitable organizational structures for executing poverty alleviation measures. Consequently, in recipient countries, such measures do not always receive high priority; often they are lost in the course of selecting target issues. Since poverty alleviation measures require institutional reformation and policy proposals on a long-term basis, they have strong political implications; hence it is vital to establish mutual understanding with the recipient country. At the same time, it is essential to extend support for the promotion of long-term cooperative relationships between the local people and administrative organizations.

In order to tackle these issues, first we must bolster the functions and roles of JICA overseas offices, as mentioned in Recommendation 2, fully comprehend local conditions, then proceed to detailed project formulation and implementation. Secondly, we must enlist the participation of socio-economists at the survey and planning stages, and work to expand upon dialogues with the local people. Thirdly, in working to alleviate poverty, we must take positive steps to incorporate the assistance of other aid-donors and groups, for often they have a long history of experience in this area. Japan must work actively with these institutions for maximum coordination and integration of efforts so as to formulate the most favorable projects and promote cooperative endeavors that fully incorporate the individual strengths of each party.

## **Recommendation 5. Support for Continuous Development of Local Communities**

### **-- Priority Field of Aid --**

At the core of poverty alleviation is the creation of employment and income, plus the establishment of a foundation for society and daily life. With respect to the first item, policies for development of agriculture, rural farming and informal urban sectors make up an important field. Important fields of the second item are education, health and medical care, water supply and residential housing. After the implementation of aid, however, the recipient countries have huge operational expenses because these fields offer low profitability vis-à-vis investments and there is a substantial time lag before the generation of profits. Another problem is that it is extremely difficult to continue operations because of the high degree of reliance upon budgets for the social sector, which tend to be deficient.

Still another important consideration is the correlation between poverty and the environment. There is a vicious cycle between them, since poverty causes destruction of the environment and environmental destruction in turn exacerbates poverty. It is very difficult to implement environmental conservation projects independently in poverty districts. By integrating them with other projects of high priority (i.e., creation of employment, creation of cash or revenues in kind) so as to elevate living standards in the district, and by amplifying them as regional life and environment development projects, cooperation from the local residents can be obtained. It should be reaffirmed that poverty alleviation also paves the way to protecting the environment.

Within similar districts, the causes and conditions of poverty vary with each country. And while the most important fields are essentially the same for each country, the sequence of priorities regarding them vary. In consideration of this point, Japan should make an all-out effort to combat poverty by expanding and bolstering executing organizations, as mentioned in Recommendations 2 and 3, and by scrutinizing important items by sector and by country in conjunction with organizational and budgetary improvements.

### **Recommendation 6. For Participation as a True Partner in Poverty Alleviation Efforts**

#### **-- Establish Systems of Joint Investigation and Research --**

In order to cope with the problem of poverty, it is necessary to clarify targets, but under present circumstances, recipient countries do not have an adequate grasp of poverty conditions, nor an adequate accumulation of information and expertise covering related fields.

The causes of poverty are unique in being intricately bound up with one another and far-reaching. They may be correlated with the unique natural and topographical features of the region, or they may originate from more historical, social or structural factors. Nowadays, moreover, there are many instances in which the problems of poverty are interrelated within an international framework. Consequently, in order to grasp the problems of poverty and contribute to the formulation of practical countermeasures, it is essential to establish a comprehensive research organization which considers all the social, economic and natural environmental factors of a region where poverty exists.

For this purpose, it is urgently necessary to cultivate human resources both in Japan and in the recipient country and to provide strategic support for such endeavors. In Japan, the first step is to bolster efforts by universities and research institutions because Japan lags in the establishment of centers for comprehensive and practical education pertaining to problems of aid and development. The second step involves positive action taken to educate personnel of NGOs and to elevate their levels of expertise. Outside Japan, steps must be taken to build up joint research institutions so that the expertise of concerned individuals and organizations in the recipient country can be pooled and coordinated.

In coping with the problems of poverty, progress is made while accumulating experience through the "Learning Process Approach," since the conditions of poverty in individual nations are exceedingly complex. Accordingly, in implementing poverty alleviation measures, monitoring and evaluation by both the donor nation and the recipient nation are vital issues.

The path to solving of problems of poverty can first be opened by equipping the affected community with the capacity for problem solving. Japan must not simply expand the amounts of grant aid; it should bolster assistance so as to elevate the overall capacity of the recipient. In this way, the recipient country itself can gather basic information, intensify investigation and research activities, propose requisite improvement programs and link them with structural reforms, and ultimately, establish political motivation and strategic support for poverty alleviation measures.

### III. Guidelines for Implementing Recommendations

In shifting to implementation of its recommendations, the Study Group, while confirming its philosophy for the items presented in its recommendations, also drew up guidelines for efficient and effective implementation of poverty alleviation measures. It is hoped that aid-donor institutions will consider these guidelines when determining specific methods of carrying out the recommendations.

Poverty alleviation assistance is a major issue which should be dealt with in an organized manner, but it can still be implemented even if the items mentioned in the recommendations are not realized. In full awareness of the urgency in the need to alleviate poverty, JICA must amplify the contents of implementation in the following three stages.

- (1) Consider the poor as much as possible within the framework of existing organizations, structures, systems and budgets.
- (2) Formulate specific poverty alleviation countermeasures and strive to expand assistance.
- (3) Establish an office (division) in charge of poverty alleviation policy, and after preparing essential structures and systems, embark upon a total poverty alleviation program.

Since the recommendations and guidelines are mutually interrelated, we shall discuss the guidelines with respect to each recommendation below.

**Recommendation 1. New Approach to Poverty Alleviation**  
**-- Amplification of Poverty Alleviation Assistance--**

**1.1 Application of poverty alleviation measures Japan should adopt**

The proper response for Japan can be roughly divided into two categories.

(1) Consider Poverty in Formulating and Implementing Projects

As indicated in the project implementation guidelines of DAC, confirmation of targets and impartial distribution of benefits are crucial issues in formulating and implementing projects. Everyone involved in Japan's aid activities should keep the following points in mind while carrying out their duties.

- (a) In formulating and implementing projects, it is crucial to eliminate as much as possible all obstacles to the improvement of living standards for the poor.
- (b) In formulating and implementing projects, it is important to work for the expansion of benefits to the poor.

(2) Amplification of Poverty Alleviation Projects

As stressed in each recommendation, aid-donor institutions must work to amplify and bolster poverty alleviation projects.



## 1.2 Classification of Poverty Alleviation Projects

Poverty alleviation measures fall into one of two categories: long-term measures and immediate measures.

### (1) Long-term Measures

Long-term measures are formulated in consideration of macroeconomic policy for poverty alleviation and are aimed at promoting the economic development of the entire nation and at generating long-term benefits. In this report, "General Projects" and "Large-scale BHN Projects" presented in section 2.3 correspond to long-term measures. These items are carried out according to existing methods in consideration of the items mentioned in section 1.1 (1).

### (2) Immediate Measures

Immediate measures are ones designed to produce immediate effects for the alleviation of poverty. They consist mainly of measures for creating income and employment and for improving the basic living condition of the poor in poverty districts. In this report, "Poverty Alleviation Projects" and "Special Poverty Alleviation Projects" presented in section 2.3 correspond to immediate measures. As indicated in section 3.2, these items must be carried out in conjunction with organizational and budgetary considerations so that the resultant benefits will penetrate to the poor more thoroughly.

(3) Measures to be Examined with This Recommendation

There has been no change in the fact that economic development plays a vital role in alleviating poverty. Consequently, it is important to implement items corresponding to long-term measures with the conventional aims of high effectiveness for development and efficient distribution of resources. Such items, however, are not the subject of these recommendations; they are to be formulated and implemented in accordance with "Country Study for Development Assistance" and other research conducted by the Institute for International Cooperation, JICA. These recommendations focus on the examination of immediate measures because poverty alleviation policy should be looked upon as something that requires unconditional urgency.

If poverty alleviation measures terminate with the provision of physical items to the poor, they can never be linked with continuous development and poverty alleviation assistance will not be perpetuated to completion. In adopting a new approach to poverty alleviation, Japan must formulate solid countermeasures in accordance with the following guidelines.

**Recommendation 2. Prepare to Take Action**

**-- Amplification and Reinforcement of Executing Organizations --**

Since the problems of poverty are surrounded by grave circumstances that require urgency, those involved in aid activities must consider

implementation from the standpoint of what can be done immediately within the framework of existing executing organizations. Moreover, when the capacities of these organizations are amplified and reinforced in the near future, hopefully, poverty alleviation measures will also be magnified substantially.

## 2.1 Common Awareness Regarding Poverty Alleviation Measures

In amplifying and bolstering executing organizations, those involved in aid activities must be aware that poverty alleviation measures have the following distinguishing characteristics.

- (1) It is necessary to implement a large number of small-scale projects.

Poverty districts are characterized by inadequate accessibility and in order to improve upon this deficiency enormous infrastructural development and improvements are required, but these cannot be expected to materialize in the near future. Hence it is necessary to carry out a large number of small-scale projects directed at small districts and communities which will reach out immediately to the poor.

- (2) Cooperation enlisting the participation of local communities plays an extremely important role.

In order to ensure that each project is effective in alleviating poverty, it is essential that the local communities be able to accept such projects and manage them on a continuous

basis. And for this purpose it is essential to formulate and implement projects in such a way that the local people will be organized and given support and so that the poor can participate from the early stages of planning.

- (3) An abundance of human resources is required also on the donor side.

The problems of poverty are intricately bound up with the unique factors of the particular nation and region, and there are no common, uniform methods of poverty alleviation that can be recommended for all circumstances. Accordingly, measures must be carried out by a learning process approach in the course of accumulating experience, and a considerable amount of human resources on the donor's side must be employed.

- (4) Flexible responses are required.

Aid-donor institutions must be able to make flexible responses in consideration of the unique characteristics mentioned above. And for this purpose, a system enabling immediate response on the local level must be established, together with a system of activity coordination with other aid-donor institutions and NGOs.

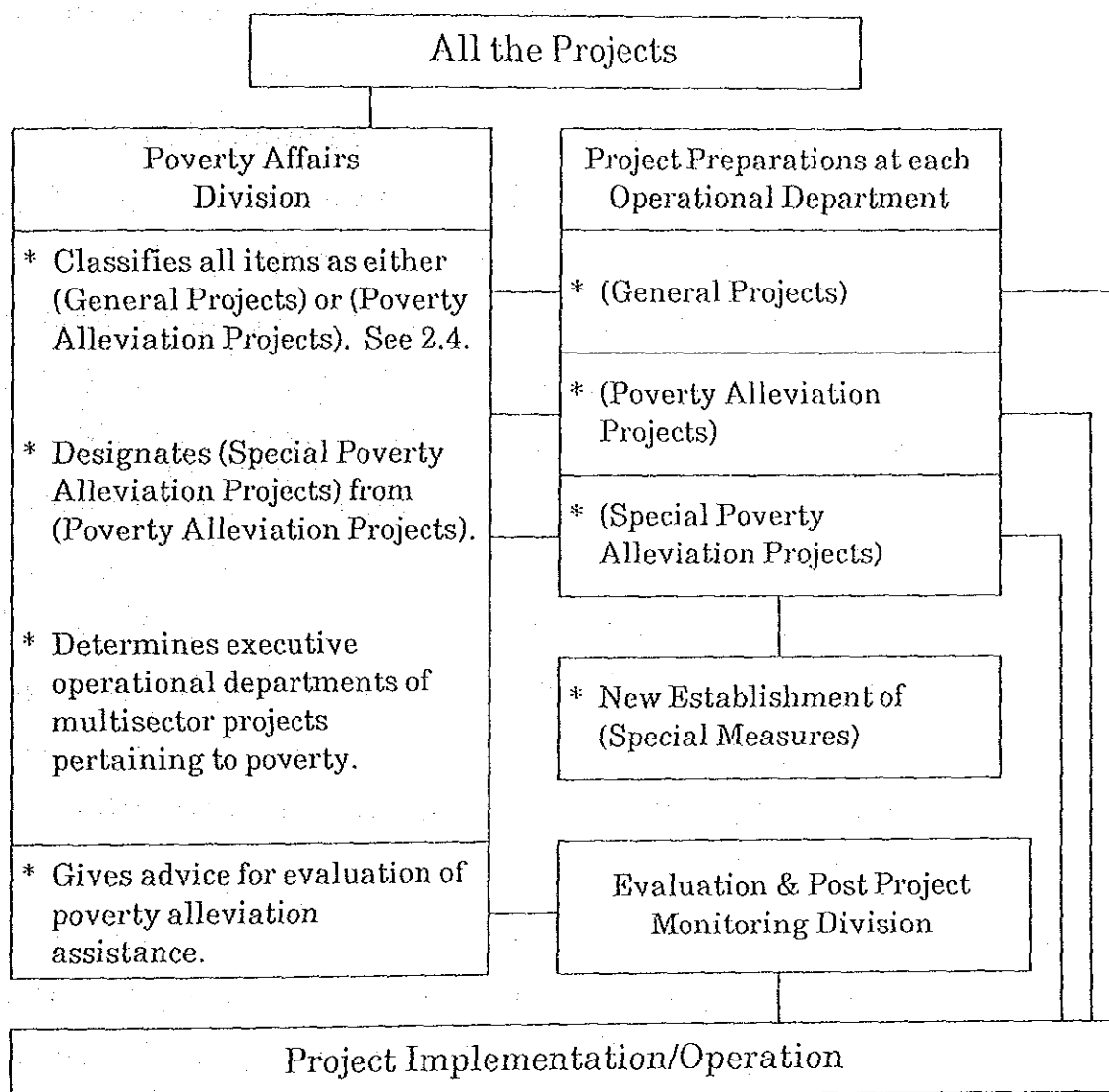
## **2.2 Approach to Poverty Alleviation Assistance**

In order to embark upon poverty alleviation measures in an organized manner, a Poverty Affairs Division (n.b. a tentative

denomination) must be established in JICA as early as possible and all its duties and activities must be coordinated.

(1) Executing Organization

The executing organization of JICA headquarters in the future is shown in Figure - 1.



(Note) See section 3.7 for details on (Special Measures)

Figure - 1. Flow Chart of Poverty Alleviation Assistance Executing Organization

(2) Duties of the Poverty Affairs Division

The poverty affairs division shall assume overall responsibility for the execution of poverty alleviation measures in accordance with the following stipulations.

- (a) Enlighten staff personnel for awareness of the need to consider measures for the poor.
- (b) Adjust and confirm all matters so that the system in the above flow chart can function.
- (c) Engage in the creation and dissemination of guidelines, etc., for poverty alleviation measures.
- (d) Classify all projects by sector and by type.
- (e) Designate (Special Poverty Alleviation Projects) among (Poverty Alleviation Projects).
- (f) Coordinate activities of the executing operation divisions handling multi-sector cases, multi-format cases, (Poverty Alleviation Projects) and (Special Poverty Alleviation Projects).
- (g) Give advice for the evaluation of poverty alleviation assistance.
- (h) Manage other duties relevant to poverty alleviation.

(3) Duties of Operational Departments

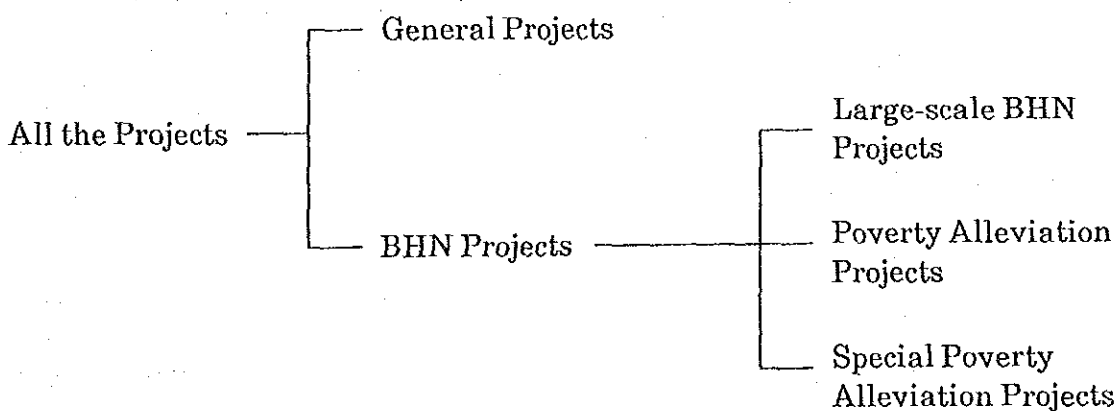
The operational departments shall accept advice and instructions from the Poverty Affairs Division and execute poverty alleviation measures in accordance with the following stipulations.

- (a) (General Projects), (Large-Scale BHN Projects) and (Poverty Alleviation Cases) shall be executed according to existing procedures.

- (b) Projects designated as (Special Poverty Alleviation Projects) shall be executed through application of (Special Measures) as described in section 3.7.
- (c) The Evaluation & Post Project Monitoring Division shall accept advice from the Poverty Affairs Division, evaluate the results of individual project implemented, and feed back the conclusions of evaluations to the Poverty Affairs Division.
- (d) Attention shall be given to poverty through manipulation of current systems and budgets as described in section 3.5.

### 2.3 Method of Classifying Projects

All the Projects of grant aid and technical cooperation are classified and arranged as shown in the illustration below.



#### (1) Objectives of Classification

- (a) To have everyone involved in aid activities become aware of problems affecting poverty alleviation measures.

- (b) To instill the habit of considering the poor in all projects
- (c) To list up projects designated as Special Poverty Alleviation Projects so that Special Measures mentioned in section 3.7 can be applied and the poor can be benefitted.

(2) Details of General Projects

Classification standard:

Among cases designated in Table - 1 of JICA classifications by sector, those projects centering on economic infrastructure.

Poverty alleviation effect:

These projects are recognized as having a long-term effect on poverty alleviation resulting from overall improvement of the society and economy of the nation. However, they are not included under poverty alleviation measures in this report.

(3) Details of BHN Projects

Classification criteria:

Of the projects shown in Table - 1 of JICA classifications by sector, those projects centering on the sector of BHN with respect to social infrastructure.

Poverty alleviation effect:

These projects are recognized as having an effect on poverty alleviation as a result of improving social services throughout the nation. In this report, however, some of these projects are included under



Table - 1 List of JICA Classification by Sector

Main Category	Intermediate Category	Subcategory	Main Category	Intermediate Category	Subcategory			
1. Planning and Administration	(1) Development Planning	① <u>General development planning</u>	4. Mining and Industry	(1) Mining	① Mining			
		② <u>Integral regional development planning</u>						
	(2) Public Administration	① <u>General Public Administration</u>		(2) Manufacturing		5. Energy	(1) Energy	① General Industry ② Chemical Industry ③ Ferrous and Nonferrous Metals ④ Machine Industry ⑤ Textile Industry ⑥ Pulp and Wood Products ⑦ Food Products Industry ⑧ Other Industries ① General Energy ② Electric Power ③ Gas and Petroleum ④ New and Recycled Energy ⑤ Other Forms of Energy
		② <u>Finance and Financial Economics</u>						
		③ <u>Environment</u>						
		④ <u>Statistics</u>						
		⑤ <u>Information and Public Relations</u>						
		① <u>General Public Works</u>						
		② <u>Water Supply</u>						
		③ <u>Sanitation</u>						
2. Public Works and Utilities	(1) Public Works	④ <u>Urban Sanitation</u>	(1) Commerce and Trade	(1) Commerce and Trade	① Commercial ② Trade			
		① <u>General Transportation</u>						
	(2) Transportation	② <u>Roads</u>	(2) Tourism	6. Commerce and Tourism	(2) Tourism	① General Tourism ② Tourist Facilities		
		③ <u>Land Transport</u>						
		④ <u>Railways</u>						
		⑤ <u>Marine-transport and Shipping</u>						
		⑥ <u>Ports</u>						
		⑦ <u>Aircraft and Airports</u>						
		⑧ <u>Urban-transport</u>						
		⑨ <u>Weather and Earthquakes</u>						
(3) Social Infrastructure	(3) Social Infrastructure	① <u>General Infrastructure</u>	7. Human Resources Development	(1) Human Resources	① General Human Resources ② Physical Training ③ Education ④ Vocational Training			
		② <u>Rivers</u>						
		③ <u>Water Resources</u>						
		④ <u>Urban Planning</u>						
		⑤ <u>Building and Housing</u>						
		⑥ <u>Surveying and Mapping</u>						
		⑦ <u>General Telecommunications and Broad Casting</u>						
		⑧ <u>Postage</u>						
		⑨ <u>Telecommunications</u>						
		⑩ <u>Broadcasting</u>						
3. Agriculture, Forestry and Fisheries	(1) Agriculture	① <u>General Agriculture</u>	8. Public Health and Medicine	(1) Public Health and Medicine	① Health and Medical care ② Population and Family Planning ③ Social Welfare			
		② <u>Seniculture</u>						
		③ <u>Agricultural Civil Engineering</u>						
		④ <u>Agricultural Machinery</u>						
		⑤ <u>Agricultural Processing</u>						
		⑥ <u>Aid for increased Food Production</u>						
		⑦ <u>Livestock</u>						
		⑧ <u>Livestock Hygiene</u>						
		⑨ <u>Livestock Processing</u>						
		⑩ <u>Forestry/Forest Conservation</u>						
(2) Livestock Farming	(2) Livestock Farming	① <u>Forestry Processing</u>	9. Social Welfare	(1) Social Welfare	① Labor ② Disaster Relief ③ Food Aid ④ Other Forms of Welfare			
		② <u>Fisheries</u>						
(3) Forestry	(3) Forestry	① <u>Fisheries</u>	10. Others	(1) Others	① Others			
		② <u>Fish Processing</u>						
(4) Fisheries	(4) Fisheries		Total	10	20	75		

a. General Projects  
b. BHN Projects  
c. Large-Scale BHN Projects  
d. Poverty Alleviation Project  
e. Special Poverty Alleviation Projects

: Items not underlined  
: Items with single or double underlines  
: Of items with single or double underlines, those in (4)  
: Of items with double underlines, those in (5)  
: Of items with double underlines, those in under (6)

Note 1. The following items applicable for each sector shall be regarded as included in each sector.  
(1) Administration and service  
(2) Planning Formulation  
(3) Investigation, Survey, Boring  
(4) Business Operations  
(5) Maintenance, Operation, Repair, Rehabilitation  
(6) Compilation of Statistics  
(7) Human Resources Development, Education, Training  
(8) Research & Development

Note 2. Production of machinery, plant and equipment falls under the category of industry.

poverty alleviation measures and others are not, depending upon the details.

(4) Details of Large-scale BHN Projects

Classification standards:

Projects applied to the following criteria.

- (a) Projects shown in Table - 1 of JICA classifications by sector.
- (b) Projects derived from BHN projects in Table - 1 other than Poverty Alleviation Projects or Special Poverty Alleviation Projects coming under (5) and (6) below.
- (c) Large-scale BHN projects directed at large to medium-sized cities, central governments, etc. In these cases, the beneficiaries cannot be specified as and limited to the poor.

Poverty alleviation effect:

These projects are recognized as having an effect on poverty alleviation as a result of overall improvement of social services in the nation. In this report, however, they are not included under poverty alleviation measures.

(5) Details of Poverty Alleviation Projects

Classification criteria:

Projects for which the following standards apply.

- (a) Projects shown in Table - 1 of JICA classifications by field.

(b) Of the projects of sectors shown in Table - 1, small-scale BHN cases selected for districts or regions where the poor can be benefitted rather easily.

(c) Those projects in which the poor can be benefitted by making special considerations for them in the existing methods of implementing grant aid.

#### Poverty alleviation effect:

These projects are recognized as having a direct effect upon the poor in poverty districts, and they are included under poverty alleviation assistance in this report.

### (6) Details of Special Poverty Alleviation Projects

#### Classification criteria:

Projects for which the following criteria apply and for which Exceptional Measures, Poverty Alleviation Measures with Community Participation, small-scale grants and the NGO subsidy system can be applied in implementation.

(a) Projects shown in Table - 1 of JICA classifications by sector.

(b) Of the projects of sectors shown in Table - 1, small-scale BHN cases selected as direct targets for the poor in districts or regions where the poor can be benefitted comparatively easily.

(c) Projects which cannot be implemented unless existing restrictive factors on aid mentioned in section 3.2 are largely moderated.

- (d) Projects which in principle are implemented through contracts and procurement formulas which put top priority on the local side.

Poverty alleviation effect:

These projects are recognized as having a direct effect upon poverty groups and they are included under poverty alleviation assistance in this report.

## **2.4 Reinforcement of Functions/Roles of JICA Overseas Offices**

According to existing stipulations, the duties handled by overseas offices include liaison and management covering dispatched experts and survey terms, liaison and information exchange with recipient governments covering technical cooperation and development cooperation, and gathering of information on economic cooperation by all other countries. The scope of authority (exclusive of decision-making items) respecting these duties, however, is limited to official approval of certain segments, for instance. Almost all duties are either carried out directly by the headquarters or require its approval. In order to implement more effectively the poverty alleviation measures which have the unique characteristics mentioned in section 2.1, the functions and roles of the overseas offices must be reinforced with respect to the following items.

- (1) Items pertaining to the formulation and advancement of poverty alleviation assistance projects.

- (2) Items pertaining to coordination of activities with international institutions, other aid-donor institutions, and NGOs covering poverty alleviation assistance.
- (3) Items pertaining to implementation and advancement of projects for executing Poverty Alleviation Assistance with Local Participation.
- (4) Items pertaining to the implementation and advancement of small-scale grant aid.
- (5) Items pertaining to the expansion of budgetary amounts covering such things as expenses necessary for expert's local duties and recurrent costs incurred for poverty alleviation assistance.
- (6) Items pertaining to expansion of the scope of decision-making in relation to employment of local staff and local experts as required for poverty alleviation assistance.
- (7) Items pertaining to the expansion of poverty alleviation measures through the assignment of coordinators.
- (8) Items pertaining to the expansion of poverty alleviation measures through active utilization of local staff.

Overseas offices must employ local staffs to fulfill high-class administrative roles and to cooperate with coordinators in the formation and execution of poverty alleviation projects. The local staff should include personnel with experience not only in the central domain of the recipient country but also with current conditions in regional communities; they must work to identify needs that cannot be grasped through conventional channels (i.e., documents from the central government, or surveys by Japanese consultants) and to promote the formulation of poverty alleviation assistance.

- (9) Items pertaining to the expansion of poverty relief duties through full utilization of local experts.

In the implementation of poverty alleviation projects, unlike existing development projects, the human factor plays a much greater role; organization and participation by local residents, for instance, is encouraged. Accordingly, local experts should be employed to serve actively as the responsible leaders locally of projects and sectors and should work to promote the implementation and management of poverty alleviation assistance which cannot be realized with the conventional system of overseas offices. The nationality of the local expert does not matter.

## **2.5 Concentration of Human Resources and Information Regarding Poverty Alleviation**

There are no organizations at present that recruit human resources and collect information on poverty alleviation on a uniform basis, such resources, moreover, are scattered throughout the nation. The Institute for International Cooperation, JICA, must set up a system for concentrating such resources and making them available to concerned institutions, in accordance with the following.

- (1) Concentration of information about poverty alleviation measures.
- (2) In collaboration with the Japan NGO Center for International Cooperation (JANIC), which serves as a contact point for NGOs in Japan, cooperation in the

collecting of information on NGO activities inside and outside Japan.

- (3) Based on the relationship of cooperation referred to in (2) above, information on NGO activities both inside and outside Japan shall be made available at the library in the JICA International Cooperation Center.
- (4) A system shall be established whereby the organization, experience and capabilities of NGOs can be confirmed.
- (5) A database on human resources in Japan shall be drawn up and positive steps shall be taken to fully investigate poverty alleviation measures.
- (6) A ledger of human resources and institutions regarding poverty alleviation in the recipient country shall be kept at each JICA overseas office, and this ledger shall be updated periodically.

## 2.6 Assignment of Coordinators

The method of assigning coordinators shall be as follows.

- (1) A coordinator shall be assigned at the JICA overseas offices in each country for a long term.
- (2) The coordinator shall fulfill a broad range of functions as a regional specialist on duties pertaining to poverty alleviation.
- (3) Coordinators shall be assigned to the nations targeted for compilation of priority items. Coordinators shall be dispatched as early as possible at least to the 10 highest ranking nations in terms of urgency level.

- (4) In the selection of coordinators, emphasis will be put upon those with valid experience as Japan Overseas Cooperation Volunteers or as NGOs members.
- (5) Another method will be to expand or amplify the existing system of assigning project identification and formulation specialist.

**Recommendation 3. Expansion of Grant Aid Budget and of  
"Poverty Alleviation Measures with Community Participation"  
-- New Institutional and Budgetary Strategy --**

**3.1 Expansion of Grant Aid Budget**

In 1988, the budget for aid in the BHN sector accounted for 25.9 percent of Japan's total ODA, a slight increase from 24.3 percent in 1987. In terms of DAC average, however, the figure was 36.8 percent between 1986 and 1987. In the future, aid in the BHN sector will have to be posted as one of the major pillars of Japan's ODA program, and cooperation in this sector will have to be expanded mainly through grant aid and technical cooperation.

Of the total funding for grant aid and technical cooperation, the amount allocated for the BHN sector was 63.2 percent in 1988, up from 62.0 percent in 1987. In addition to placing greater emphasis on the BHN sector in general in the future, there will have to be a shift toward sectors and projects offering high benefits to the poor in particular, and a shift toward districts where there are many poor people.



### **3.2 Organizational and Budgetary Restrictions Concerning Poverty Alleviation Assistance and Improvement Points**

With respect to grant aid and technical cooperation at present, the following restrictions in terms of organization and budget are affecting the formation and implementation of poverty alleviation assistance, therefore, these restrictions must be examined in order to make improvements.

- (1) There is no system for adding special considerations to poverty alleviation assistance.

Under the present system, there is no room for adding special considerations for poverty alleviation measures, so it is difficult to carry out effectively those poverty alleviation projects that have unique characteristics as mentioned in section 2.1. Consequently, it is necessary to investigate organizational and budgetary factors appropriate for such projects.

- (2) Inadequate organizational and budgetary systems for poverty alleviation of immediate effectiveness.

In poverty alleviation projects, local costs take up quite a large share of the overall project costs, and often such projects cannot be implemented unless funds are allocated to cover the local costs. Furthermore, it is necessary to implement organizational and budgetary measures of immediate effectiveness so that quick responses can be made to changes in local conditions. Consequently, the existing systems and budgets for poverty alleviation must

be reviewed, and the functions and roles of overseas offices must be bolstered accordingly.

(3) It is difficult to bear the burden of recurrent costs.

In almost all cases of poverty alleviation assistance, the recipient country does not have the financial resources to assume the leading role, and the rate of participation by the donor nation is inevitably high. In poverty alleviation assistance, there is a strong sense of "Institution Building" in the broadest sense for the target nation of assistance. Accordingly, for those cases in which the donor country is implementing a poverty alleviation project, the key to making it possible for the project to be continued lies in making provisions to lessen the burden of recurrent costs. This point is so important that it will be discussed further in section 3.6.

(4) Implementation schedule is limited by fiscal budgetary restrictions.

The closer a project gets to the poverty level, the more dependent it becomes upon related social and physical conditions, and the speed of its implementation slows down. With the conventional approach taken by Japan, it is very difficult to implement projects directly linked with the local people because the methods of implementation and investment must be selected on the basis of the fiscal year system. Hence it is necessary to consider how the budgetary system can be manipulated to conform with the speed of project implementation at the local site.

(5) The amount of human resources that can be enlisted is limited.

Given that there can be no dramatic increases in personnel at the aid implementing institutions in Japan, it is imperative that the functions and roles of overseas offices be bolstered as discussed in section 2.4 and that tie-ups with another institutions be made so that the needs for poverty alleviation assistance can be met in greater detail. Hence, it is necessary to build cooperative relationships with other institutions effectively and smoothly and to make budgetary allocations covering the costs of local activities in support of these relationships.

(6) There are limitations on local procurements.

In the exchange of notes (E/N) for general grant aid, in principle it is untied concerning the origins of procurement of goods and services by the recipient country, but the scopes of the following items need to be expanded.

- (a) Scope of activities by local contractors
- (b) Scope of procurement of local goods
- (c) Scope of procurement of local services (Although of short term, these procurements contribute to employment of local people and to increasing their cash revenues.)

(7) The period of cooperation is limited.

It takes a long time before poverty alleviation assistance can be conducted on a continuous basis because the time it takes to set up such assistance is so long, the benefits

derived from such assistance are slight and the costs of administering such assistance are great. Consequently, the conventional approach in which cooperation stops with the transfer of goods and facilities will have to be abandoned. The time periods of cooperation will have to be lengthened so that the benefits of assistance can penetrate fully to strata and districts of poverty.

Moreover, it is essential to formulate a program whereby the burden of various expenses, as mentioned in section (5), can be covered.

### **3.3 Restrictions on Grant Aid Implementation and Points of Improvement**

It is realistic to implement poverty alleviation assistance primarily through grant aid, but in applying existing schemes of grant aid to poverty alleviation measures, the restrictions mentioned below must be examined along with ways to improve upon them.

#### **(1) Introduction of the concept of "many small-scale projects"**

Large-scale projects at strategic points have their own merits, to be sure, but often they are not adequate in terms of benefitting the grass roots poverty strata over a broad base.

Moreover, in rural farming areas, for instance, topographical conditions are often severe and there may be no facilities giving access to the areas. For these and other reasons, it is sometimes impossible to implement large-scale

projects. Consequently, from the standpoint of implementing more multifaceted assistance that will reach to the poor directly, it is necessary to introduce the concept of cooperation through many small-scale projects. Moreover, in the present system in which construction work takes place intensively over a short time period, there is a lack of adequate consideration for the poor in certain respects. It is imperative that many small-scale projects be implemented, with increased percentages of local procurements, so that the agricultural strata will have more opportunities to acquire cash revenues.

- (2) Learning process approach cooperation is difficult to implement.

In carrying out poverty alleviation projects, it is important to have social organizers from the planning stage who organize the local people, collect revenues for expenses, and establish administrative systems and methods of operation and maintenance. In this way the project becomes feasible and can be developed on a continuous basis. Existing methods of implementing grant aid, however, cannot be applied over time to the implementation of human resources intensive projects.

- (3) Other restrictions and improvement points

The restrictions and points of improvement thereof mentioned in Section 3.2 also apply for cases of grant aid.

### 3.4 Promotion of Poverty Alleviation Assistance with Community Participation

#### (1) Characteristics of Poverty Alleviation Assistance with Community Participation

- (a) This is a new system for moderating restrictive factors mentioned in 3.2, 3.3 and for implementing poverty alleviation measures effectively through grant aid.
- (b) Many small-scale projects are formed in packages through appropriate methods for local conditions as mentioned in Recommendation 4.
- (c) In the course of implementation, local procurements are encouraged and poverty alleviation by community participation becomes possible through prior use of local materials and manpower.
- (d) In addition to small-scale grant aid currently in execution and the NGO project subsidy system, this system makes it possible to have more versatile assistance, to drastically expand the scope of coverage, and to have more benefits reach the poor.
- (e) Detailed schemes are also investigated by related institutions.

#### (2) Reasons for Rendering Many Small-scale Projects as Packages

As noted in the discussion of Recommendations 3 and 4, social programs such as poverty alleviation assistance incur a high percentage of recurrent costs, and in developing countries with adverse financial conditions, they constitute

the most difficult sector in which to allocate funds. Thus, it is difficult for the central government of the recipient country to make selections among various projects, and normally, these programs are not required. Moreover, in many developing countries political conditions are rendered unstable by widening gaps in disparities, and the alleviation of such conditions has become a major issue for the governments of aid recipient countries. Under these circumstances, establishing large numbers of projects as packages yields merits for both the central government and the poor.

- (3) Differences between poverty alleviation assistance with community participation and small-scale grant assistance or the NGO project subsidy system are as follows.
  - (a) In either case, the contents of the individual projects in question may be similar, but it is seldom possible for the central government to take a project as it is. The former projects are easy for the central government to take up, but for the latter projects, Japan is requested directly from the grass roots level.
  - (b) In terms of beneficial effect, for the former projects the target range becomes quite extensive because of the large number of projects, but in the latter case, the range is limited.
  - (c) The decisive difference is as follows. Of the former projects, a large number are carried out over a broad area, so they become models in the territories affected, and stimulate higher motivation among the poor in the

vicinity. If the poor strive enthusiastically to have projects introduced, and this in turn enhances the quality of project activities, we can expect that individual projects will be maintained continuously and that the results thereof will be spread. In the latter case, however, the extent to which benefits can spread is limited because the scope of coverage is limited.

(d) There is no change in the fact that the latter method it is extremely effective for detailed poverty alleviation, but it is inadequate for measures aimed at extremely large numbers of poor people. Therefore, a system such as the former, aimed at the poor over a broad range, is necessary.

(4) Examples of small-scale projects to consider are as follows.

(a) Health and Medical Care: Health centers, medical equipment, bolstering of mobile clinic

(b) Water Supply and Sanitation: Wells, latrines

(c) Education: Primary education schools, equipment, distribution of teaching materials

(d) Social Education: Community centers, day-care centers

(e) Agriculture: Small-scale irrigation facilities, farm roadways, market development and improvement.



### 3.5 Review and Improvement of Various Existing Systems and Budgets

If the new system described in section 3.4 can be realized, poverty alleviation assistance will become considerably more effective. Within the framework of existing systems and budgets, however, scrutiny must be exercised so that detailed measures and assistance for poverty alleviation can be fully augmented.

(1) Administration of existing systems and budgets

The JICA Poverty Affairs Division and other administrative departments must clarify measures with respect to the following points for each budget item so as to amplify the benefits to the poor from each project.

- (a) Consider ways to promote the formulation of poverty alleviation projects.
- (b) Take steps to increase the number of human resources directed to specific instances of poverty alleviation administered within the framework of the existing budget.
- (c) Take steps to lower the burden of recurrent costs incurred by the recipient side in carrying out specific instances of poverty alleviation administered within the framework of the existing budget.
- (d) Take special measures to lengthen the term of cooperation for specific instances of poverty alleviation within the framework of the existing system.

(2) Amplification and reinforcement of small-scale grant assistance

Small-scale grant assistance must be amplified and reinforced in consideration of the following items.

- (a) Expansion of the budget scale
- (b) Inclusion of recurrent costs at a fixed percentage, in addition to the facilities for implementation
- (c) Simplification of procedures
- (d) Allocation of limited budgets to diplomatic and consular offices in foreign countries and JICA overseas offices and investigation of conditions so that distributions can be made exclusively to the local area within the scope of the budgets allocated. The accounting procedures of the recipient country shall apply for the calculation of expenses, etc.

(3) Expansion of the NGO project subsidy system

The NGO project subsidy system must be expanded in consideration of the following items.

- (a) Expansion of the budget scale
- (b) Inclusion of recurrent costs at a fixed percentage, in addition to the facilities for implementation
- (c) A major distinction of NGO operations, as compared to assistance from government organizations, is that they enable flexible responses. In order to build upon this advantage, an investigation should be made for the formulation of a so-called "matching fund" whereby a fixed percentage of the amount prepared by the NGO is

subsidized and the application of all funds is entrusted to the NGO when a project is implemented.

- (d) Allocation of limited budgets to diplomatic and consular offices in foreign countries and JICA overseas offices and investigation of conditions so that distributions can be made exclusively to the local area within the scope of the budgets allocated. The accounting procedures of the recipient country shall apply for the calculation of expenses, etc.

### 3.6 Moderating the Burden of Recurrent Costs

Alleviation of the burden of recurrent costs incurred when implementing a project has already been discussed in section 3.2, but in providing poverty alleviation assistance or assistance to LLDCs, Japan must also devise policies for covering the following expenses.

Moreover, for these policies, in addition to steps taken by operating existing budgets and systems, consideration should be given to full use of counterpart funds for all types of other financial assistance (e.g., commodity loans, program loans, food aid, grant assistance for increased food production, non-project grant assistance).

- (a) Local cost portion of expenses for initial investment in plant and equipment for a project (excluding outlays for land acquisition)
- (b) Initial expenses for setting up the project
- (c) Cost of operation and maintenance of facilities, equipment and goods over a fixed time period

- (d) Recurrent costs of the project over a fixed time period (counterpart personnel costs, cost of training personnel, and general administrative costs such as for expendables, fuels, loan interest, and rents)
- (e) Requisite expenses for spreading and expanding operations (compiling campaign reports, organizing local people, monitoring)
- (f) Expenses for followup over a fixed time period upon completion of facilities
- (g) Rehabilitation expenses after several years, as necessary

### **3.7 Application of Special Measures**

Poverty alleviation measures have the distinguishing characteristics mentioned in section 2.1, but with existing systems and budgets, there also are restrictive factors as noted in section 3.2. For the projects designated as special poverty alleviation projects in section 2.2, it is imperative that these restrictions be moderated.

For the time being, measures will be taken through application of the current system and budget as described in section 3.5 (1), but in the future, it will be necessary to formulate a program whereby restrictive factors can be moderated by applying special measures so that the execution of poverty alleviation measures can be further promoted.

The following items should be considered through special measures.

- (1) Prolongation of the period of cooperation
- (2) Expansion of the scope of recurrent costs due to Japan
- (3) Substantial expansion of the scope of local procurements
- (4) Expansion of the number of human resources input
- (5) Establishment of ties with other institutions and groups in order to substantially expand the scope of cooperation.

#### **Recommendation 4. For Learning Process Approach Cooperation**

##### **-- Project Formulation and Implementation --**

#### **4.1 Method of Formulating and Implementing Projects at JICA Overseas Offices**

As mentioned in Recommendation 2, a coordinator must be assigned to coordinate and promote the formulation and implementation of projects at JICA overseas offices. An outline of the coordinator's duties is given below.

Coordinators should be assigned to nations where Japan plans to carry out poverty alleviation measures on a priority basis in the future as indicated in section 5.2 (2). During the current period prior to assignment of a coordinator, and in countries where no coordinator is to be assigned, the following items should be considered for formulating and implementing poverty alleviation projects.

(1) Method of performing duties

In formulating and implementing many small-scale projects, the coordinator must perform duties in cooperation with the following institutions, groups and individuals.

- (a) Japan Overseas Cooperation Volunteers
- (b) Researchers and experienced personnel in the recipient country
- (c) Survey and research institutions of the recipient country
- (d) Consultants from the recipient country
- (e) International NGOs and NGOs of the recipient country
- (f) Moreover, local experts shall be applied, as necessary, to work with the coordinator in executing and supervising projects.

It is also necessary to adopt measures for incorporating into the budget the expenses incurred locally in support of these entities.

(2) Investigation and coordination for project formulation

The coordinator shall conduct investigations and coordination covering formulation of the following items.

- (a) Analysis of existing conditions surrounding the poverty problem
- (b) Confirmation of experience and issues in the recipient country
- (c) Compilation of basic strategy for local community participation and other poverty alleviation measures
- (d) Confirmation of the possibility of project implementation by the recipient country

(e) Coordination of activities with other aid institutions

(3) Recommendations for the formulation of projects

The coordinator makes recommendations on the following matters to the resident representative of the JICA overseas office concerning the formulation of poverty alleviation assistance projects.

- (a) Viability of each project carried out through poverty alleviation assistance with community participation
- (b) Viability of each project carried out through small-scale grant assistance
- (c) Other matters pertaining to poverty alleviation assistance

(4) Project Implementation

The coordinator shall carry out the following duties in the course of project implementation.

- (a) Monitoring to insure the appropriateness of all projects carried out by applying poverty alleviation assistance with community participation
- (b) Monitoring of projects implemented through small-scale grant assistance

(5) Compilation of Priority Items by Nation

The coordinator and the resident representative of JICA shall compile priority items by nation as indicated in section 5.2.

## **4.2 Formulation and Adaptation of Projects Inside Japan**

- (1) Formulation and adaptation of projects at the JICA Poverty Affairs Division
  - (a) The Poverty Affairs Division shall formulate and modify individual projects according to guidelines.
  - (b) Poverty alleviation projects of the type adapted to local conditions should not be handled through sectorial response. Measures must be established which encompass a uniform comprehensive coordinating function reflecting maximum emphasis on the intentions of the resident representatives.
  - (c) Since it is vital to adopt long-term measures for poverty alleviation assistance, steps should be taken to divide the implementation of projects into phases in line with the actual conditions of the particular locality.

### **(2) Participation of socio-economists in survey team**

Each JICA department must include socio-economists, sociologists and anthropologists in the development survey teams and basic design survey teams and must work to promote dialogue with the local people.

## **4.3 Poverty Alleviation Measures at the Overseas Economic Cooperation Fund (OECF)**

In the course of performing its regular duties, the OECF must make allowances for poverty alleviation in the following ways so that poverty alleviation assistance can be implemented more smoothly.



(1) Expansion of surveys

Among country/sector studies covering major recipient countries, the problems of the poverty strata must be taken up under the poverty sector.

(2) Expansion of project formulation

In addition to the clarification of poverty alleviation measures, based on the aforementioned surveys, consideration must be given to poverty alleviation assistance through consultations with recipient countries.

**Recommendation 5. Support for Continuous Development of Local Communities**

-- Priority Field of Aid --

**5.1 Compilation of Key Items by Sector**

The JICA Poverty Affairs Division and other related departments must take up key items by sector in accordance with the following.

(1) Common consciousness in each sector

There must be a common awareness of the following items in establishing priority points by sector.

- (a) From the standpoint of continuous development, poverty alleviation measures must be made essentially different from emergency assistance.

- (b) From the standpoint of continuous development, cooperation limited to the provision of facilities and equipment does not always prove to be effective.
- (c) In principle, the concepts of cost recovery and self-reliance should be incorporated into poverty alleviation measures.
- (d) In the case of income-generating projects, policy should be considered for having users assume at least some of the burden of expenses and for having these funds serve as turnover funds of the recipient organization.

(2) Target sectors for priority items

The target sectors are as follows.

Production sector

- (a) Agriculture and farm villages (rural development, market development and improvement, small-scale rural credit)
- (b) Employment creation (medium and small-scale industries, cottage industries)

Social sector

- (c) Education (primary education, rural women training, adult education)
- (d) Health and medical care (Primary health care, nutrition, MCH/Family Planning)
- (e) Water supply and sanitation (drinking water, latrine and sewage facilities development)
- (f) Urban slums (residential environments, informal sector)

## Environmental sector

- (g) Environmental conservation (control of cutting timber for fuel, forest conservation, control of excessive grazing, soil protection)

## 5.2 Establishment of Priorities by Country

With cooperation from the coordinator, the resident representative of the JICA overseas office should determine priorities by country with regard to the following stipulations.

### (1) Criteria for selection of survey target countries

The following items should be considered in selecting a survey target nation.

- (a) The nation is an LLDC.
- (b) The poverty strata comprises a high percentage of the total population.
- (c) Poverty alleviation measures have been incorporated into the recipient nation's development plan, and the government gives high priority to these measures.
- (d) It is acknowledged that social indexes of basic living conditions, such as health, nutrition, primary education and disease, are extremely low.
- (e) The nation's cumulative external debt is conspicuously high.
- (f) A JICA overseas office has been established in the nation.

- (g) Members of the Japan Overseas Cooperation Volunteers (JOCV) Program have been dispatched to the country.

(2) Contents of Priority Items

The contents of priority items must be as follows.

- (a) Selection of priority areas for implementation
- (b) Selection of priority sectors for implementation
- (c) Selection of ideal implementation methods
- (d) Confirmation of experience and capability of NGOs that could become practical in the recipient country.

In carrying out country studies for development assistance in the future, at the Institute for International Cooperation of JICA, study of poverty alleviation assistance at the target country must be added.

### 5.3 Poverty and the Environment

Amid the critical conditions for development and the environment in the 1980s, the problems of poverty and the environment could not be overcome, and the outlook for the future as well is not clear. Japan has taken vigorous steps to tackle global environmental problems; however, because of insufficient knowhow for protecting the poverty related environment, efforts to obtain such knowhow must be redoubled.

## **Recommendation 6. For Participation as a True Partner in Poverty Alleviation Efforts**

### **-- Establish Systems of Joint Study and Research --**

#### **6.1 Establishment of a Joint Research System**

##### **(1) Promotion of joint research activities**

In order to formulate and carry out poverty alleviation projects more effectively in target countries for the same, Japan must establish a program for actively promoting joint research by university research laboratories and centers and by public research institutes of both Japan and the target nation. An outline of such a program is given below.

- (a) University research laboratories/centers and public research institutes of Japan must be enlisted as partners.
- (b) A minimum joint research period of three years must be guaranteed.
- (c) The opinions and perspectives of partners on the recipient country's side and partners from Japan concerning administration and implementation of projects must be duly considered.

##### **(2) Cooperation Methods**

- (a) With respect to the above investigation and research operations, if an organization on the recipient country's side (especially a university research laboratory or public research institution) faces shortages in terms of finances, materials, machinery, etc., support must be

given to the organization from a long-term perspective in the course of joint study and research.

- (b) Financial support for such things as operational expenses of a university or other investigative research institutions should not be limited to individual projects only. They should be treated as local costs of the assistance program as a whole by nation and support for them should be given from a flexible, long-term perspective.
- (c) Hitherto, these joint study and research operations have been carried out by dispatching individual experts, but in the future, they will have to be given a certain position as study/research projects.

(3) Full use of results

Projects requested on the basis of quality information and research results will have to be given high priority in making selections. In this way, recipient countries will be motivated to carry out study and research and we can thus expect them to contribute more to the advancement of cooperation.

## 6.2 Recruiting and Training of Human Resources in Japan

In Japan, at present, an inadequate system of education has been established for the purpose of training human resources to work overseas in the fields of assistance and development. Consequently, for those who have gained experience in assistance work overseas, there is no way they can elevate their

level of expertise except to study abroad at an overseas institution. In order to solve this problem, the following measures must be adopted from a long-term perspective.

- (a) At research centers affiliated with universities in Europe and North America, there are special courses for those with experience in international development activities. In Japan as well, educational sections at universities and special institutions must be established and financial support for them must be expanded so that a broad range of human resources, including those with aid experience at the JOCV, at international organizations, at NGOs, and private enterprises can be trained as specialists.
- (b) Those who have completed courses at such institutions must be awarded effective, legitimate qualifications both inside and outside Japan.
- (c) A financial support system must be augmented so that those who take courses in Japan can receive financial assistance to cover expenses.

### **6.3 Monitoring and Evaluation**

In monitoring and evaluating the results of poverty alleviation measures, every effort should be made to grasp the true status of affected parties and conditions in the recipient country in as detailed and multi-faceted a manner as possible. The changes and results brought about by implementing countermeasures should be clearly measured against various standards and perspectives, and the awareness of the affected parties themselves should be broadened.

For this purpose, the conventional yardsticks for assessing poverty, notably, income level, lifespan, infant mortality rate, nutrition, housing, and water supply, will not be sufficient. It will have to be observed objectively from the outside in terms of various criteria including physiological systems, economics, society, and psychology. It is also crucial to consider the results of these observations in conjunction with the internal consciousness, energy resources, etc., of the affected parties.

To insure that these measures are carried out adequately, observations must not be made exclusively from the standpoint of the donor country; measurement yardsticks must be established or developed jointly with administrative personnel and researchers, local leaders and the affected bodies themselves on the recipient country's side. Hopefully, it is in this way that evaluations and other tasks will be carried out.



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