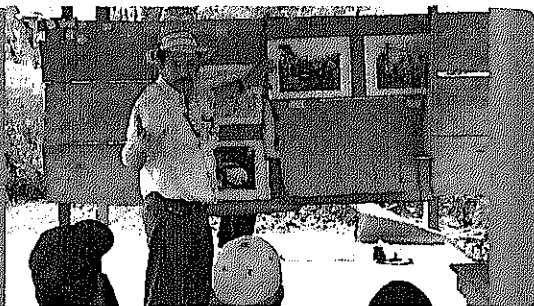


# Rural Development

Poverty Reduction/Agricultural, Rural Development/  
Fisheries



A former participant in training in Japan presenting the acquired knowledge about rural development at a workshop back home (Panama)

## Overview of the Rural Development Field

The world's population rapidly increased in the latter half of the 20th century, and it exceeds six billion today. According to one forecast, it will reach nine billion by 2050. A major concern is that various problems, such as food shortages and environmental deterioration due to heavy consumption of resources on a global scale, will become more serious.

Since the population increase is especially notable in developing countries, appropriate development in these countries is essential in order to stabilize people's living situations worldwide.

Most people in developing countries live in rural areas, and their living situations are deteriorating due to problems such as overcultivation, overgrazing, deforestation, subsequent depletion of water resources, a drop in agricultural productivity caused by many reasons including such as soil erosion, and insufficient social services such as health and basic education. Additionally, the disparities in the living standards between the urban area and the rural area generate new problems such as a population influx into the urban area and slum formation.

To bring about better living situations, it is necessary to promote comprehensive agricultural and rural development focusing on the lives of residents in rural areas. This should be associated with proper attention to harmony with the environment and the

relationship with the urban areas so that limited resources in rural areas can be continuously utilized. It is also necessary to tackle certain issues regionwide, involving all neighboring countries concerned. These issues include avian flu, which causes economic and health damage not only for farmers in the affected area, but also to other people within the country as well as in surrounding countries.

Actively addressing these issues is in line with coordinated actions to achieve the UN Millennium Development Goals (MDGs). The MDGs clearly specify strengthening support for the poverty groups from the perspectives of human security and more stable development of the international community.

Agricultural and rural development also gains attention as a priority field in post-conflict rural reconstruction. Specifically, there are activities such as stable food supply, and the promotion of settlement of refugees and ex-combatants. To respond to the recent focus on poverty reduction, peacebuilding, and human security, the roles expected of agricultural and rural development are getting larger.

To address these issues, JICA has identified three sectors (poverty reduction, agricultural and rural development, and fisheries), and is implementing relevant projects for each sector.

## Poverty Reduction

### Overview

There are 1.3 billion people in the world considered to be living in poverty. That is one-fifth of the world's population, and one-third of the total population of the developing countries.

Poverty reduction is a primary global common objective and advocated in the MDGs. The term "poverty reduction" means not simply increasing income levels but rather creating conditions in which all humans lead healthy and creative lives with sufficient food, shelter, and clothing. It also means that being free from unfair treatment by the government and the community, they can participate in society with freedom, dignity, and self-esteem.

Poverty has many dimensions. It can cause environmental degradation, and a poor environment in turn can aggravate poverty, thus giving rise to a vicious cycle. "DAC Guidelines on Poverty Reduction" published in 2001 defines poverty as the insufficiency in political, socio-cultural, economic, human, and protective capabilities. It is internationally agreed that poverty reduction requires a comprehensive approach that will develop capabilities in these five areas.

It is also important to consider the fact that a lack of capabilities among the poor is not the primary cause of poverty; environments disadvantageous to the poor and social structures, in which vested interests, discrimination, etc., create socially vulnerable people, interactively cause and fix poverty. To reduce poverty, it is important to create opportunities for the poor to demonstrate their potential capabilities by changing the environments that surround them and by breaking the vicious cycle of poverty.

### JICA's Efforts

#### Definition of Poverty and the Goals in Support for Poverty Reduction

JICA defines poverty as a condition in which people are deprived of their opportunities to demonstrate potential capabilities required to lead a basic human life and are being left out of society and the development processes. JICA has two overall goals in its support for poverty reduction: enhancement of the potential capabilities of the poor; and reform of the social struc-

tures and institutions involving the poor. JICA has also identified the following four strategic development goals aimed at reinforcing people's political, socio-cultural, economic, human, and protective capabilities (since the measures to reinforce political and socio-cultural capabilities have many aspects in common, they are addressed as a single strategy).

- 1) Reinforcing the planning, institutional, and implementation framework for poverty reduction (political and socio-cultural capabilities)
- 2) Maintaining and generating the incomes of the poor (economic capability)
- 3) Securing minimum living standards for the poor (human capability)
- 4) Reducing external threats to the poor and strengthening their capability to withstand shock (protective capability)

The structures and other factors leading to poverty and the actual conditions in which the poor live are varied and complex, differing from country to country and from region to region. JICA consequently formulates its poverty-reduction support policies on a country-by-country and region-by-region basis. JICA is also

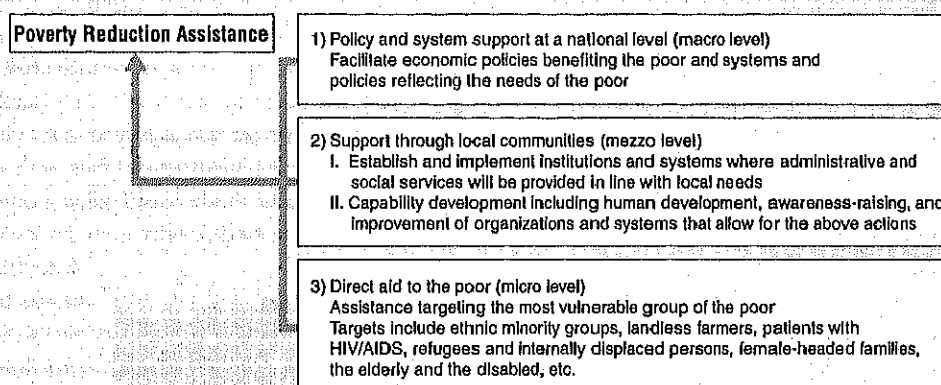
addressing the issue by taking full advantage of the unique features of each aid scheme and by combining various individual projects in ways that give rise to synergy.

### Target Levels of Poverty Reduction Assistance and Multi-layer Cooperation Approach

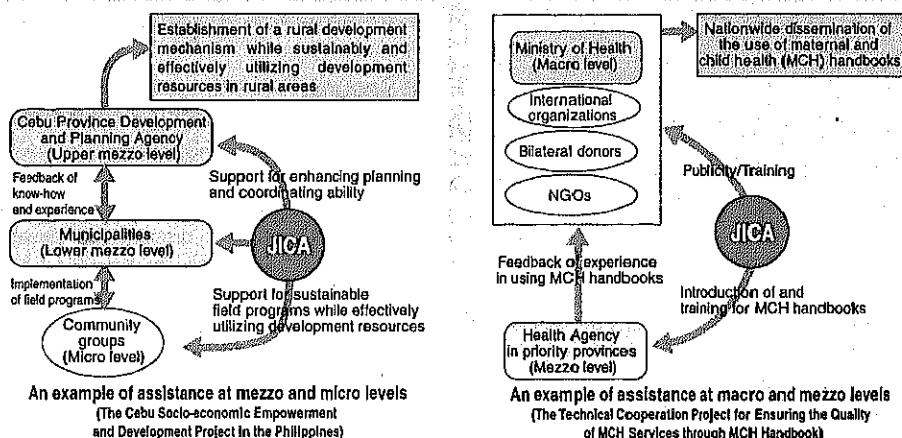
JICA provides poverty reduction support at three levels: 1) policy and system support at a national level (macro level), 2) support through local communities (mezzo level), and 3) direct aid to the poor (micro level). Through these channels, JICA effectively carries out assistance for capability enhancement of the poor, as well as for improving social structures, policies and systems involving the poor. And at the same time, JICA intends to strengthen capability of the poor by embracing the three levels: macro, mezzo, and micro.

Figure 3-8 summarizes these three levels of assistance targets. As shown in Figure 3-9, a more effective approach (multi-layer cooperation approach) is being planned by linking multiple levels of assistance targets.

**Figure 3-8** Three Target Levels of Poverty Reduction Assistance



**Figure 3-9** Examples of Cooperation Projects with Consideration to the Linkage of the Levels



## The Participatory Rural Development Project in Bangladesh (Phase 2) — CASE STUDY

In Bangladesh, government services have not been effectively extended to rural people because of poor coordination among different government organizations and malfunctions in government systems to reflect their influence on those services. JICA has been, therefore, assisting the Bangladeshi government in changing this situation through the Participatory Rural Development Project Phase 2 since 2005. In this project, it is expected that rural people shall be able to identify their problems and find solutions independently, and that the government shall build a mechanism that will deliver the most appropriate services to people who are most in need.

Consequently, small-scale infrastructure projects including repair of village bridges, installation of hygienic toilets, etc., were carried out in Bangladesh through the initiative and participation of the local community. Instead of complete dependence on administrative services, voluntary

activities at the village level based on initiatives of rural people are spreading; for example, those children who are absent from school were identified and some of them started to attend school after full discussion among teachers, parents, and project staff. In order to further spread this effort to other communities, JICA offers support for policy formulation at the national level and provides training for field administrative officers and local residents.



A government officer talking directly to representatives of local community groups

## Agricultural and Rural Development

### Overview

In many developing countries, over half of the population is engaged in the agricultural sector, and a large share of the rural population lives in poverty. Because agriculture represents the core of the national economy in many of these countries, assistance for agricultural and rural development plays an important role in addressing such concerns as food security, poverty reduction, economic development.

The stable provision of food that people need (food security) is a fundamental condition of economic and political stability. In many developing countries, food shortages are impairing health and creating hunger. In some cases refugees in hunger flood into neighboring countries, disturbing the order of the international community and potentially leading to regional conflicts. In food-importing countries, the stable production and supply of food are economic issues of extreme importance, because they can reduce the outflow of foreign currency. Furthermore, stable food supply in developing countries is important from the standpoint of

Japan's own food security.

### JICA's Efforts

JICA perceives its two main tasks in agricultural and rural development to be: support for stable food production and supply (food security), and alleviation of poverty (rural development). Since these two tasks are intimately related, in order to implement effective cooperation, it is essential to understand their relationship and coordinate them. Specifically, there are measures designed to achieve food security from the macro (national) to

micro (rural) levels on the one hand; and measures addressing various rural development issues at micro levels on the other.

Thus the objectives of assistance for agricul-



Many general farmers grow NERICA in Uganda.

## NERICA Draws Attention from the Viewpoints of Food Security and Livelihood Improvement of Farmers (Africa)

### CASE STUDY

The West African Rice Development Association (WARDA) developed a cross-bred upland rice in 1994 by crossing high-yield Asian strains and desiccation- and disease-tolerant African strains. More breeds were subsequently developed partly due to cooperation from Japan, and they were collectively named New Rice for Africa (NERICA).

Recently, rice has been increasingly consumed in Africa, with the annual per capita consumption in sub-Saharan Africa being 23kg (60kg in Japan). However, domestic production is unable to keep up with the increase in consumption, and exports are rising, which puts pressure on the economies of those countries. Moreover, environmental conditions hinder an increase in domestic production: lack of land suitable for rice paddies and serious issues such as drought and damage by pests and diseases.

NERICA is a hybrid combining the strong characteristics of Asian and African rice variations. The harvest volume is high and it is resilient to drought and disease and can be grown uplands. Thus, the rice draws a lot of attention in many African countries where food security is a critical issue. However, the experience and technologies necessary for selecting a suitable variety for each country, research on farming conditions, and subsequent dissemination are in short supply.

Currently, NERICA experts dispatched to Benin and Uganda provide technical assistance including visits to neighboring countries. Dissemination activities of NERICA are carried out in cooperation with experts in agriculture and projects in individual countries. Further spread of NERICA cultivation is greatly expected from the perspective of not only food security, but also improving the livelihood of farmers.

tural and rural development are stable food supply for both the rural and urban populations, poverty reduction in rural areas, and national and regional economic development. In abstract terms, the ultimate goal is the eradication of hunger and poverty. Sustainable agricultural production is the basis for a stable food supply and poverty reduction in rural areas.

On the basis of these perspectives, JICA has identified the following three development strategies.

#### 1) Sustainable agricultural production

It is extremely important to realize sustainable agricultural production for eradicating hunger and enhancing the means of economic activities in rural areas as well as economic development in developing countries. It is also a precondition for providing a stable food supply to all regions including urban areas, and for building rural communities with vitality.

As an approach for sustainable agricultural development, it is important to precisely understand the situation of the agricultural sector of the country at the macro level, and formulate and implement agricultural policies appropriate for the situation. It is also important to expand agricultural production and increase productivity while improving policies. In seeking acquisition of foreign currency and economic development by means of export promotion, it is necessary to strengthen related activities such as improvement of the export system and enhancement of competitiveness. Consideration for the environment is essential for maintaining agricultural production in the long-term. Additionally, in order to secure sustainable development of the overall agricultural sector for the future, human development is necessary through expanding education in agriculture and agricultural science at the high school, university, and graduate school levels.

#### 2) Stable food supply

To supply a sufficient amount of food to all citizens stably is one of the important objectives of agricultural and rural development. A large part of the population in rural areas is engaged in agriculture and is a supplier of domestic food especially for the urban areas with the greater concentration of population. However, they are also considered consumers of domestically distributed agricultural products.

Stable food supply is possible only when a sufficient supply is secured at the macro level and fair distribution is in place the micro level. In attempting to secure the food supply at the macro level, it is necessary for a government to evaluate the situation of the people and agricultural production potentials first, and then to formulate a strategy on how to secure food for its citizens. In the case that the required food cannot be secured within the country, it is necessary to develop a system to sup-

plement the shortage with imports from other countries. On the other hand, to achieve fair distribution at the micro level, development of an efficient domestic distribution system is essential, which involves distribution over different regions.

#### 3) Building rural communities with vitality

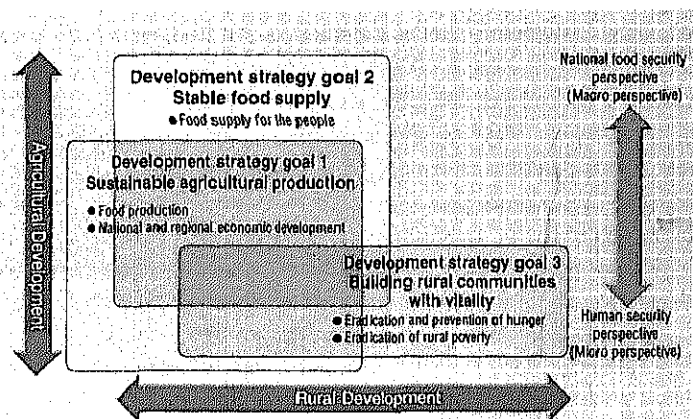
Since the adoption of the MDGs, activities for poverty reduction in developing countries have gathered more attention than ever. Rural areas as targets of development and the significance of its roles are in the public limelight again. This comes from the recognition that the lives of the people in rural areas are destabilized by many factors including weak prices for agricultural products caused by political factors, deterioration of living and production environments due to progressing desertification, and increased dependence on urban areas as seen in labor migration.

To eradicate rural hunger and poverty and build rural communities with vitality, various measures are necessary, such as improving agricultural productivity, promoting the use and sale of agricultural products, promoting diversified economic activities including handicraft production and small business, and developing rural infrastructure represented by community roads and secured drinking water. It is also important to empower rural residents through organizing groups and improving health and education.

The relation of the above three development strategies is summarized as shown in Figure 3-10. In other words, agricultural development is aimed mainly at development strategy goal 2 with the basis of development strategy goal 1, and rural development is aimed at development strategy goal 3 while including development strategy goal 1.

Furthermore, agricultural and rural development, which requires consideration of various factors such as history, culture, natural environment, and ethnicity in the area, must be addressed in line with the situation of the target area.

**Figure 3-10** Development Strategy Goals in Agricultural and Rural Development and Perspectives/ Purpose of Cooperation



## Fisheries

### Overview

Fishery resources are an important source of animal protein for human beings. According to statistics published by the Food and Agriculture Organization of the UN (FAO), on average developing countries depend on fishery products for nearly 20% of the

intake of necessary animal protein of their populations. It is expected that by the year of 2050 the global population will have reached nine billion, and in order to provide a stable food supply for future generations, sustainable management and utilization of fishery resources is vital. On the other hand, about 180 million

## Front Line Bolivia

### Achacach Agricultural, Livestock and Regional Development Project

#### Improve Livelihood of Indigenous People through Comprehensive Rural Development

##### Infrastructure development and technical assistance change consciousness of the people

The Constitution of Bolivia stipulates the rights of indigenous people, but in reality they suffer from social discrimination and poverty. Achacachi area, which is located on a rural highland plateau in La Paz province (4000m above sea level), has a harsh natural environment and is a home to an indigenous group called Aymaran, who live on subsistence farming.

In 2000, JICA implemented a grant aid project, the Project for Agricultural Development in Achacachi Area, to develop infrastructure. The project assisted the La Paz provincial government with the construction of co-op support centers in six villages. After providing technical support for agricultural and rural development, JICA has expanded it through volunteer programs. The local people, who often blockaded the roads as a demonstration of anti-government sentiment, were self-isolated and non-productive. However, JICA's activities successfully raised their interest in productivity of agriculture and livestock, and gradually changed their consciousness about education and health.

##### Farmers themselves carry out project activities

In order to comprehensively support such change, JICA launched a technical cooperation project, the Achacach Agricultural, Livestock and Regional Development Project, in July 2005 and has been implementing comprehensive rural development in combination with grant aid cooperation, the Project for Improvement of Equipment for Rural Development in La Paz. This project has promoted the local residents in organizing groups and enabled them to carry out various activities in active cooperation with the government, private organizations, and universities.

In agricultural area, the project aims at production of large-size broad beans and livestock feed, increased production of dairy products, and improvement in livestock hygiene techniques. In vocational training, the project provides an exchange for all the local people irrespective of age and gender to learn computer skills, dressmaking, and weaving. Furthermore, in

cooperation with medical institutions in urban areas, the medical professionals visit co-op support centers and villages, providing dental checks, health and hygiene guidance and house visits. Since the area has a low literacy rate, workshops require assistance of technicians from NGOs and provincial government. Nevertheless, local farmers themselves evaluate and analyze their project activities and formulate plans.

Through these activities, JICA directly supports poverty reduction effort in Achacachi area, while contributing to the stability of the entire Bolivian society.

(JICA Bolivia Office)



Sales activities of dairy products that have increased the income of farming women and enjoy popularity

people are engaged in fisheries worldwide, and it is clear that the industry is very important, not only in the context of food supply but also from the viewpoint of employment opportunities and as a source of cash income as well as means to earn foreign currency. The number of people engaged in fisheries is growing year by year, and particularly in developing countries, the industry, including fishery processing, is expected to be one which will enable women to play a more prominent role in society.

Fishery resources can reproduce themselves naturally. This makes sustained fishing possible, provided that the resources are managed properly. In developing countries, however, fishery development is taking place in a disorderly manner, leading to their depletion or exhaustion. The reduction of fishery resources has a significant effect on the livelihoods of people in developing countries who depend largely on fishery products for their animal protein requirements. The decrease of fishery resources has also aggravated poverty. In developing countries where worsening economic conditions and civil conflicts have led to a rise in unemployment, unemployed people sometimes move to and concentrate on the coast to survive, resulting in depletion or exhaustion of shellfish and shrimps.

These circumstances lead to a further depletion of fishery resources. A framework for a proper management of fishery

resources that enables their sustainable utilization is required on a global scale.

#### JICA's Efforts

Under such situations, JICA conducts cooperation activities in accordance with the following four development strategies.

##### 1) Effective utilization of fishery resources

It is necessary to create a fisheries infrastructure and improve fishing gear and methods so as to avoid catching fry (which would become a resource only later) with the aim of effectively utilizing fishery resources on a sustainable scale. Processing and quality-assurance technology must also be improved to enhance the safety of fishery products as food and at the same time promote the effective use of underutilized resources by raising the utilization ratio after catching or creating new values. Simple aquaculture as a stable source of animal protein also needs to be promoted.

##### 2) Conservation and management of fishery resources

In order to prevent the exhaustion of fishery resources and carry out fishing activities continuously, it is necessary to develop appropriate fishing methods based on an accurate knowledge of the state of resources. In addition, steps must also be taken proactively to repair and maintain environments suitable for the



nursing and spawning of various species of fish. Releasing artificially produced fry is also an effective means of promoting resource enhancement.

### 3) Poverty reduction in fishing communities

In order to raise the living standards of those engaged in fisheries and revitalize fishing villages, JICA works on organizing fishing groups, promoting cooperative operations, and establishing resource-management framework led by local residents. JICA will promote diversification of fishing households' incomes in addition to the cooperative operations, and also add value to their products with the introduction of simple processing technology and promote extensive fish farming when necessary.

### 4) Capacity development

In order to realize sustainable utilization of fishery resources, it is important to improve laws and regulations, administration measures and systems, activities at community level, and aware-

ness of individuals, in addition to fishery, processing, aquaculture, and surveys of fishery resources.

JICA makes efforts to improve their problem-solving capacity and develop human resources so that the systems, society, organization, and individuals can play their own roles independently or jointly.



Local people who participated in a workshop hosted by JICA (Vanuatu)

## Project for Promotion of the Grace of the Sea in Coastal Villages in Vanuatu — CASE STUDY

The Project for Promotion of the Grace of the Sea in Coastal Villages is a three-year project that was launched in Vanuatu in March 2006. Targeting subsistence fishermen who depend on coastal marine resources such as shellfish, sea cucumbers and the like, the project provides guidance on appropriate management method of resources, with the purpose of recovering resources and establishing a participatory coastal resource management system. The target shellfish are three kinds: green turban shells, button shells, and giant clams, which are not only edible but also valued

for their appearance and used for accessories. The project transfers technologies on breeding and cultivation to the Agency of Fishery of Vanuatu. The technology transfer will be assisted by Tongan engineers utilizing the outcomes of the cooperation provided to Tonga by JICA in the past.

JICA hopes that these activities will lead to the improvement of the livelihood of the local residents and the effects of the breeding and cultivation will spread to the surrounding areas.

## Front Line Senegal

### The Study on Fisheries Resources Assessment and Management in the Republic of Senegal Pursuit of Recovery Method of Marine Resources Based on Reliable Survey and Assessment

#### Risk of marine resources depletion

The coastal areas in Senegal form a good fishery ground where the Canary Current from the north and the Guinea Current from the south meet, boasting annual fish catches of more than 400,000 tons. Therefore, one of the pleasures of the Senegalese people is delicious fish. However, the depletion of marine resources has recently been accelerated due to over-fishing.

Using a resource survey ship provided with Japan's grant aid, JICA conducted a survey on marine resources in the coastal area in Senegal. The result was shocking: If things remain as they are, popular shellfish among the Senegalese such as cabrilla and drumfish may no longer be available in the future.

#### Increase interest with people's participation

Besides the marine resource survey, this project set up five pilot villages, try-

ing out management for recovering marine resources. Since management for recovering marine resources entails unfavorable consequences such as income loss, it doesn't take root in Senegal and most of the attempts have failed even though its necessity is understood. To counter the situation, JICA has carried out various activities with the participation of the residents to increase their interest in marine resource management in Niaring village, one of the five pilot projects. For instance, fishing is banned during the breeding season, when cooperative collection business is operated and shell vases are produced and sold as a source of cash income.

These activities are so successful that representatives from the neighboring villages visit the site and other donors never stop making inquiries to JICA. The

press also keeps making inquiries. Furthermore, the World Bank highly appreciates the management method of the project, and has decided to incorporate it into their own projects. JICA is now planning a project that keeps one step ahead of the World Bank by sending JOGVs to Niaring village, etc.

(JICA Senegal Office)



A fishing village in Senegal. 17% of the working population is engaged in fishing or related industries.

# Economic Development

Economic Policy and Finance/  
Private Sector Development/Resources and Energy



Training for cable safety test using equipment (The Project for Enhancing the Competency of Electrical and Electronics Institute of the Kingdom of Thailand)

## Overview of the Economic Development Field

Cooperation in the field of economic development comprises three areas: economic policy and finance, private sector development, and resources and energy. Recent discussions on development in the international community underline the importance of enhancing assistance for these issues from the perspective of reducing poverty through economic growth. It is also required to continue to review the focal points in addressing those issues from the perspective of human security.

Target areas of cooperation in the economic development field have thus far been mostly in Asia, especially East Asia, with a view of promoting economic growth. However, recently, specific measures to create economic dynamism have been called for to reduce poverty in Africa. To this end, private sector efforts using markets and trading in combination with development assistance from the public sector are essential.

## Economic Policy and Finance

### Overview

The development of a fiscal and monetary infrastructure and the appropriate management of economic policies are vital to sustainable economic growth. If economic policies are not implemented and managed properly, hyperinflation or deflation will bring about fiscal and monetary collapse, causing a serious deterioration in people's assets and living standards. This type of situation emerges from time to time in developing countries. Strengthening and stabilizing fiscal and monetary systems and achieving macroeconomic stability and growth through the formulation and implementation of appropriate economic policies are prerequisites for successfully overcoming development challenges.

The following two areas have become especially important in recent years in this context.

#### 1) Preventing a recurrence of the Asian financial crisis

Until the Asian financial and economic crisis of 1997, the per-

formance of the economies of ASEAN had been described as the "Asian miracle." The crisis robbed large numbers of people in these economies of both assets and jobs. The fragility of financial systems in ASEAN countries has been identified as one of the causes of Asia's financial and economic crisis. Financial systems need to be strengthened in order to prevent future financial crises.

#### 2) Fiscal management

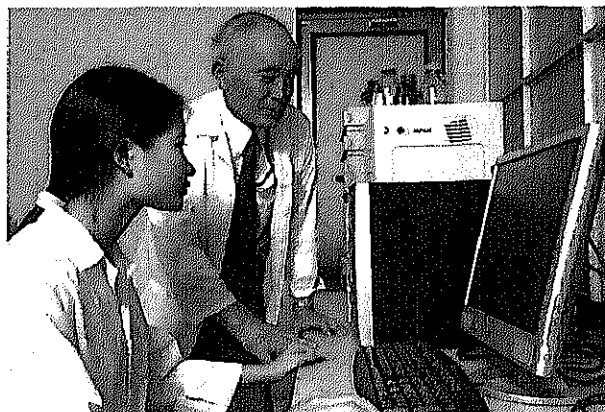
In recent years, aid implementation agencies have recognized the importance of fiscal management in developing countries. The aim of improvements in this area is to increase revenues, efficiently allocate resources to strategic areas such as poverty reduction, and ensure that funds are spent effectively and efficiently, while maintaining fiscal order.

### JICA's Efforts

Technical cooperation in the area of economic policy and finance traditionally centered on the provision of know-how, such as the introduction of Japanese fiscal and monetary systems. However, two events in the 1990s prompted JICA to become more fully involved in the provision of support in this area. The first of these was the transition of former socialist countries to market economies in the late 1980s and early 1990s. The shift to market economies required radical changes in economic policies, systems, and organizations. Support for this process became a key priority for Japan's ODA.

The second factor was the Asian financial and economic crisis of 1997. Since the crisis, JICA has upgraded support for the reinforcement of financial systems through the improvement of institutions and the development of human resources.

With this background, JICA provides the following cooperation in the area of economic policy and finance.



Expert explaining how to operate equipment that analyzes imported products such as food and medicines (Capacity Building of Master Training for Modernization of Customs Administration in Viet Nam)  
Photo by Katsumi Yoshida

- 1) Reinforcement and stabilization of fiscal systems (capacity building in the areas of taxation and customs, and capacity improvements in the areas of fiscal management and debt management)
- 2) Stabilization and reinforcement of financial systems (the reinforcement of financial intermediation functions, capital market development, capacity building in the area of financial administration and supervision, and improved financial systems for small and medium-sized enterprises [SMEs])
- 3) Development of a macroeconomic management infrastructure (improvements in economic statistics, assistance in

the creation of macroeconomic models, and the development of economic laws)

Among the above, the number of projects in the area of fiscal systems (taxation and customs, in particular) is the largest, accounting for approximately 50% of total projects, followed by projects in the area of financial systems at 30%.

Countries in ASEAN and East Asia account for 80% of the target regions of cooperation in the area of economic policy and finance. However, there is a tendency to reinforce efforts in the African region, primarily in the area of fiscal management.

### Institutional Capacity Building on Infrastructure Finance in Malaysia

### CASE STUDY

In the Institutional Capacity Building on Infrastructure Finance in Malaysia from 2004 to 2005, cooperation was provided to Bank Pembangunan Dan Infrastruktur Malaysia Berhad (BPIMB) for the improvement of project management systems and risk management systems as well as institutions in infrastructure finance, and for upgrading the banking capacity through capacity building of staff. Contents of the cooperation include capacity building of the risk management system in infrastructure finance, accumulation of project risk evaluation know-how, establishment of training system, and support for formulating organiza-

tional restructuring plan.

In this project, short-term experts mainly from the sub-contracted Japan Economic Research Institute were dispatched several times to hold workshops and seminars as well as work jointly with Malaysian counterparts. Human resources development was also actively promoted through the acceptance of technical training participants in Japan and distance learning using the JICA-Net. In the future, based on the project outcomes, BPIMB will further work on enhancing its capacities.

## Private Sector Development

### Overview

Private sector development is an approach to cooperation that contributes to the economic advancement of developing countries through the vitality of the private sector. Supporting the private sector of developing countries has the potential to stimulate economic growth, accelerate poverty reduction, and improve living standards in developing countries. Unless economic activities in the private sector advance, a lack of employment will cause incomes to decline and, as a result, poverty will persist. Private sector development is also extremely important in terms of tax revenue. Unless tax revenues are secured, the government will not be able to sufficiently provide administrative services such as education, welfare, public health, and medical care due to budget constraints.

Various benefits can be expected to emerge when private businesses are established and become active. For example, the creation of employment opportunities for people living in rural villages will drive growth in household incomes. In urban areas, the development of various industries will result in the expansion of national economic activity through growth in exports, imports, and investment. In today's business environment of economic globalization, it is also necessary to improve the competitiveness of local industry in developing countries.

Accelerated development led by the private sector will expand national economic activity and create employment, raise incomes, and improve living standards.

JICA's private sector development reviews the role of national governments and provides support to bring about private vitality, aiming for economic growth that benefits not only the private

sector but also the entire society of a developing country.

### JICA's Efforts

JICA's cooperation in private sector development is centered on East Asia, which has achieved outstanding economic development, with a focus on vitalizing private corporations, main actors, and building an environment that facilitates private sector development. The following factors lie in the background of this policy: shift from the conventional economic structure led by the public sector to one centered on economic activities of the private sector; an increasing need for a response to economic globalization due to regional progress of a horizontal relationship of economic dependency, such as World Trade Organization (WTO) and Economic Partnership Agreement (EPA). This movement has been expanding from East Asia and ASEAN to Latin America, Middle East and Africa, where the importance of poverty reduction through economic growth was declared in the third Tokyo International Conference on African Development (TICAD III), and JICA's support has been extended accordingly.

Many developing countries have problems in the sectors of health and basic education; however, social and economic infrastructure won't be stabilized unless employment opportunities are secured through the promotion of SMEs and support for entrepreneurship. It is assumed that in many countries riots and ethnic conflicts stem from serious social unrest due to loss of employment opportunities. Unless such social unrest is solved, stability in regional communities cannot be attained, and therefore, efforts for private sector development to solve employment issues are increasingly important. From this viewpoint, JICA has



provided assistance that leads to the stability of social and economic infrastructure, such as securing employment opportunities, correcting inter-regional income disparities, and considering gender balance in employment, through promotion of SMEs and support for entrepreneurship.

### Trade and Investment

In order to respond to economic globalization and stabilize and consolidate economic partnerships, activation of trade and investment plays a critical role. That is because trade and investment support economic activities that form the foundation. Cooperation in the area of trade and investment focuses on building an institutional framework (such as development of a relevant legal framework and establishment of institutional foundation as the basis of trade and investment), organizational and institutional enhancement of implementing bodies (such as trade and investment promotion agencies in developing countries), and human resources development (such as capacity development of working-level personnel).

In fiscal 2005, JICA implemented technical cooperation projects targeting trade promotion agencies (such as a trade training center) in Indonesia and Egypt. JICA also cooperated in the capacity enhancement of investment promotion agencies such as the Ministry of Investment Promotion in Central and Eastern Europe and ASEAN countries, by dispatching individual experts. Furthermore, in order to carry out trade and investment activities smoothly, building an environment for trade and investment is critical. As part of such environment-building, in terms of protecting intellectual assets, JICA supports enhancing systems and the capacity of agencies and personnel in charge of intellectual assets in China and ASEAN countries. JICA also cooperates in the capacity enhancement of agencies and personnel as well as institution building in the course of creating a standardized approval system, which is a prerequisite for trade promotion (such as harmonization of specification standards and enhancement of inspection capability). As cooperation related to legal systems for building a healthy business environment, development assistance in the execution capacity of competition and accountancy laws takes place in ASEAN countries.

In addition, though cooperation concerning trade and investment has thus far been implemented primarily in Asia, JICA has set about formulating concepts to implement trade promotion cooperation in Africa based on South-South cooperation, so as to make use of the experience gained in Asia.

### Tourism

JICA dispatches experts to tourism promotion agencies in many countries to develop and promote tourism policies and systems. A technical cooperation project has commenced in Jordan to develop community-based tourism based on the improvement of museum management.

### SME Development and Promotion of Industrial Technology

Human resources who can lead the industry are still in short supply in many developing countries, and policies and systems to foster SMEs are underdeveloped. These situations hinder the accumulation of technical know-how in the production field as well as management know-how. The lack of know-how has impeded the growth of SMEs and the expansion of new businesses. To overcome these obstacles, in line with the progress of measures for promoting SMEs of the governments of developing countries, formulation of SME development policies and human resources development to implement the policies are essential.

In a region like sub-Saharan Africa, where there is no industry, support for entrepreneurship through regional community development represented by the "Isson Ippin Undo" (the Campaign of One Village One Product) or the "Michino Eki" (Road Station), which are more like micro enterprises rather than SMEs, creates local jobs, promotes support for women entrepreneurs, and contributes to the correction of regional income disparities.

At the same time, promotion of industrial technology is an



The One Village One Product group from each community presents a local specialty at the closing ceremony of training (Malawi)

## Japanese Technical Cooperation for Institutional and Human Resource Development Project for One Village One Product Programme in Malawi

### CASE STUDY

In order to launch a One Village One Product campaign in Malawi, which originated in Oita Prefecture, Japan, JICA started a project to support OVOP Secretariat (established within the Malawi government in 2003) in 2005. The secretariat is led by the Malawi President himself and conduct promotional activities to improve the quality of local specialties in individual rural communities using their originality and ingenuity, including improvements in processing techniques, and to expand sales channels as attractive products, leading to an increase in citizens incomes. It is an

attempt to involve citizens' voluntary and active participation in economic activities to achieve citizen-led economic development.

Through this technical cooperation project, JICA in tandem with the OVOP Secretariat is working on establishing an institution to promote this movement, carrying out campaigns to spread the concept, and providing technical support to individual community projects. A JOCV has also joined the communities to ensure the progress of this movement in cooperation with local people.

## Front Line Syria

### Support for Revitalization of Textile Industry

#### Challenge for Senior Volunteers with Extensive Field Knowledge

##### Decline of textile Kingdom, Syria

How many people know that Syria, the key to peace in the Middle East, used to reign as an advanced country in textiles a century ago and that its products were once called damask, a byword for high quality clothes?

When a socialist administration was established in Syria approximately 40 years ago, all major textile companies were nationalized and a mass production system for cheap products was introduced. This system is now obsolete and the Syrian textile industry, which lost competitiveness, is in decline. Nonetheless, Syria produces good qual-

ity natural materials such as cotton and wool and has the advantages of close proximity to the European market and its historical reputation as an advanced country in textiles. With an appropriate strategy and executive ability, it is not impossible to recapture its past glory.

In such a situation, JICA has dispatched three senior volunteers to a textile technical school (coordination, sewing, and spinning), one to the local Chamber of Commerce and Industry (textile marketing to private companies) and one to the Department of Industry (textile policy adviser to governmental organizations) to support the vitalization of the industry.

##### Utilizing the experiences of professionals with extensive field knowledge

These senior volunteers were instrumental in holding the first Textile Industry Seminar in Damascus in March 2006. At the seminar, senior volunteers dispatched to the public, private, and education sectors analyzed the current status of and prob-

lems in the Syrian textile industry and presented a strategy and action plan riding on the strengths of Syria from the standpoint of professionals. The seminar was meaningful in that textile professionals referred to a specific action plan.

Other donors including EU refer to the importance of economic reform at various forums and present strategies, which are lacking in specifics and don't show actual direction for action. It is not surprising, however, because many experts from other donors are policy-level planners and not professionals who have extensive field knowledge. JICA's strength lies in having professionals with extensive field knowledge at various levels from grassroots to policy recommendation. In Syria, instead of formulating a fine policy, ability and know-how to put it into action are more required.

"Utilizing the experience of Japan, where the textile industry once supported the nation"—senior volunteers' challenge to revitalize the Syrian key industry has begun.

(JICA Syria Office)



A senior volunteer discussing marketing at a textile company

important task for developing countries in order to expand business opportunities and improve competition through technological innovation. Many developing countries work on the promotion of various industrial technologies as a national responsibility and have established official test facilities and laboratories for basic technologies; however, securing and developing the human resources that will work at those institutions remains to be done. In the more developed countries, cooperation for relatively high level technical research targeting national research institutes is increasing. Through such cooperation, JICA supports building systems that can respond to local technical needs.

#### Fostering Supporting Industries

The presence of SMEs, which supply components and parts,

called supporting industries, is vital to foster comprehensive industries such as automobile and electric appliance manufacturing. Since the increased technical power of SMEs is very important for developing countries, JICA provides active support in this area.

Such support is expected to develop supporting industries in developing countries, promote further overseas investment, and consolidate leading corporations, thus leading to sustainable economic growth. As a result, it is expected that overseas procurement of leading corporations will increase, indirectly promoting overseas business opportunities, and at the same time, helping supporting industries expand and employment opportunities in developing countries increase.

## Resources and Energy

### Overview

Energy supply is an indispensable infrastructure component for developing industries and economies and improving living standards. Every country makes substantial efforts to attain a stable supply of low-cost quality electricity. In addition, mineral resources and energy resources such as petroleum and coal are important sources of foreign currency acquisition and a resource

for economic development in developing countries, and the sustainable development and management of those resources is gaining importance.

#### Power Supply and Renewable Energy

In the past, cooperation in this area focused mainly on feasibility studies for the construction of power stations and other elec-



Training in maintenance and management of electric power facilities using a simulator (Project on the Instructor Training for Electric Power Sector in Viet Nam)

tric power facilities as well as the training of personnel to operate electric power facilities. The aim of this approach was to facilitate the development of electric power resources in developing countries. More recently, however, there has been a global trend toward power sector reform, and in some developing countries the private sector now plays a leading role in the power business, which was formerly dominated by the public sector in such forms as government-owned electric power companies. The role of governments has changed, from direct implementation of electric power projects to the provision of guidance to ensure the appropriate development of electric power resources, and the implementation of policies to ensure access to reliable supplies of low-cost electric power. In response, JICA has shifted the focus of its cooperation to support for policy formulation and the improvement of institutions.

In developing countries, the development of isolated mini-grids utilizing renewable energy is often a more economical method for rural electrification in areas without electric power services than the extension of power transmission lines and distribution networks. In recent years, interest in renewable energy resources that contribute to the reduction of carbon dioxide emissions is growing and increased use of these resources is desired from the viewpoint of global environment issues or diversification and retention of energy resources in response to overdependence on fossil fuels.

### Energy Conservation and Mining

Energy demand has expanded in recent years, especially in developing countries. This trend has triggered various problems on a global level, including the depletion of economically vital energy resources, such as oil, coal, and natural gas, as well as global warming resulting from emissions of greenhouse gases after the use of these resources. Dependence on imported energy has also created problems for individual nations. These include the impact of crude oil prices on national economies and failure to maintain a stable supply in time of emergency.

In response to these, energy conservation has emerged as one of the most effective approaches. For developing countries, Japan's experience is extremely valuable since it has achieved the highest standards of energy conservation in the world through two oil crises.

Furthermore, mineral resources are vital to industrial and eco-

conomic activities and will play an increasingly important role in the future economic growth of developing countries. Moreover, the promotion of mining has extremely great social and economic effects in the target country and region, including not only the creation of new industries but also the development of socioeconomic infrastructure and regional and economic development in marginal regions. Balanced mining development that contributes to the sustainable development of developing countries requires a comprehensive approach in cooperation between the public and private sectors, including measures to facilitate resource exploration, the training of technical personnel, the establishment of mining information resources, infrastructure development, the development of laws concerning foreign investment, and promotion of countermeasures against mining pollution.

### JICA's Efforts

#### Power and Energy

Since power consumption increases in proportion to economic growth, a stable supply of power is indispensable to achieve sustainable economic development. Power is essential in terms of improving the living quality of the people. For example, when providing cooperation for rural electrification, it is important to develop the capacity of government organizations of developing countries and keep in mind the perspectives of human security of local residents, the beneficiaries. Power supply to rural areas will improve the quality of living through better medical and educational services, promote poverty reduction, and correct regional disparities between rural and urban areas. In that sense, power supply plays an extremely significant role and the aid need for this area is paramount.

JICA cooperation in the area of power and energy thus far are feasibility studies for the construction of power stations and other electric power facilities to facilitate the electric power resources development in developing countries and the training of personnel to maintain and manage electric power facilities.

As previously mentioned, amid the global trend of power sector reform in recent years, the role of governments of developing countries is being shifted from direct implementation of electric power projects to policy formulation to secure stable power supply led by the private sector. Accordingly, JICA's cooperation extends to support for policy formulation such as electric power development plans and institutional development such as electric power technology standards.

In addition, corresponding to growing interests in energy issues due to soaring crude oil prices and expanded energy demand in the world including developing countries, JICA has started support for the formulation of comprehensive energy policies.

There are two priority issues to be addressed in the future in the areas of energy and power: stable power supply to secure sustainable economic development and promotion of rural electrification from the perspective of human security. Based on these, JICA intends to implement efficient and effective assistance, while continuing cooperation in the development of electricity infrastructure.

In addition, JICA will enhance the concept of country- and issue-specific approaches and program approaches, and formulate and implement environment-friendly projects according to the

JICA Guidelines for Environmental and Social Considerations (see p. 84) while coordinating with related organizations.

## Resources and Energy Conservation

Cooperation in the areas of resources and energy conservation, which comprises mining development, renewable energy (including new energies such as solar and geothermal energies), and energy conservation, is centered on the following activities.

### 1) Mining and Resources Recycling

In order to support sustainable development of mineral and energy resources in developing countries, support for institution building, human resources development, and technical improvement is being provided. For example, a study for the development of information and improvement in legal systems for the promotion of investment in the mining sector has been conducted in Laos, and a remote sensing project to improve resource exploration techniques using satellite images have been implemented in Turkey. In the area of energy resources, JICA has implemented a development study to control river contamination due to coal development in Indonesia. In Asian countries that continue economic development, the amount of resource consumption is rapidly increasing. In response, JICA has started cooperation to pro-

mote the establishment of a resource-saving recycling-oriented society by promoting 3R (reduce, reuse and recycle).

### 2) Renewable Energy

In this area, various types of cooperation have been implemented in view of promoting the use of renewable energy for the conservation of the global environment, as an independent electricity source for the electrification of isolated rural areas. Recently implemented projects include development studies to formulate local electrification master plans using solar energy and small hydropower generation systems in Nigeria and Cambodia, as well as a development study for geothermal development in Indonesia.

### 3) Energy Conservation

In the area of energy conservation, JICA has so far implemented cooperation making full use of Japan's knowledge and experience in a great number of countries through development studies, technical cooperation projects, and training programs. JICA is currently providing projects to disseminate and promote energy conservation in Iran and Poland. Other ongoing cases include a project for improving the combustion efficiency of furnaces for the steel industry and disseminating environmental protection and energy conservation techniques in China.

## Front Line Poland

### The Project on Poland-Japan Energy Conservation Technology Centre

#### Industrial Energy Conservation Technology Gains Attention in Europe

##### Contributing to the promotion of industries through energy conservation technology

Polish industries strive to achieve modernization by departing from dependency on domestically produced coal. The Project on Poland-Japan Energy Conservation Technology Centre scheduled to last four years, from July 2004 to June 2008, is based at the Poland-Japan Energy Conservation Technology Centre (ECTC) and aims to implement environmental measures through energy efficiency improvement and energy savings in the industries in cooperation with Warsaw University of Technology. Four long-term experts dispatched to ECTC work actively under the cooperation pillar of contributing to the promotion of energy conservation technology utilizing the world's leading energy conservation technology and experience of Japan.

ECTC is outfitted with equipment for training such as fans, compressors, pumps, steam traps, burners and boilers, which are all used commonly at various factories, and training participants can

gain hands-on experience with the effective usage of such equipment leading to energy conservation. In addition to providing such training, releasing information on energy conservation to Polish industries is one of ECTC's main activities.

##### EU Minister of Energy visits the center

Full-scale training for industries started at the middle point of the project, leading to an increase in the number of visitors who come to observe the center. In Japan, there is a qualification system for energy managers to promote energy conservation of factories and training plants similar to ECTC. Poland and other countries in eastern Europe, not to mention the rest of Europe, don't have such training plants, and the EU Minister of

Energy paid a visit to observe the center in December 2005. The Minister reportedly decided to take time to visit ECTC despite his busy schedule during a one-day trip from Brussels for the purpose of discussion on energy policies with the Polish government. Other visitors include a professor who was an energy advisor to Russian President Putin.

Japanese industrial energy conservation technology has steadily consolidated in Europe through this project.

(JICA/JOCV Poland Office)



Training using actual equipment at ECTC