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The Ministry of Foreign Affairs of Japan

# **Evaluation on Japan's ODA Contribution to Poverty Reduction**

**Viet Nam and Ethiopia as Cases**

**Summary**

**March 2006**

## Preface

This report is the summary of the “the Evaluation on results of “Japan’s ODA Contribution on Poverty Reduction” carried out by the External Advisory Meeting on ODA Evaluation upon request from the Economic Cooperation Bureau of the Ministry of Foreign Affairs of Japan.

Japan has been one of the top donor countries of Official Development Assistance (ODA) and there have been domestic and international calls for higher quality, more effective and efficient implementation of assistance. The Ministry of Foreign Affairs, as the ministry responsible for ODA, has been conducting ODA evaluation mainly at the policy level with two main objectives: to support the implementation and management of ODA and to ensure its accountability. This evaluation aims to examine Japan’s goals, formulation and implementation process regarding the support policy for poverty reduction, which is a major priority in the ODA Charter, and to review the support policy and learn lessons and receive proposals useful in the more effective and efficient implementation of future assistance, and furthermore, to accomplish accountability by publicizing the evaluation results.

Poverty reduction is an important development goal shared by international society. In the ODA Charter revised in 2005, Japan placed “poverty reduction” as one of the priority issues, and emphasized cooperation in fields such as “education,” “health care and welfare,” “water and sanitation,” and “agriculture,” as well as to support the human resource development, social development, and sustainable growth of developing countries. To evaluate past efforts and to contribute to the implementation of effective and efficient support in the future is desired.

The External Advisory Meeting on ODA Evaluation is an informal advisory body of the Director-General of the Economic Cooperation Bureau of the Ministry of Foreign Affairs formed to improve the objectivity in evaluation. The Meeting is commissioned to conduct ODA evaluation, to implement evaluation by formulating evaluation implementation methods, and to report its results and recommendations to the Economic Cooperation Bureau of the Ministry of Foreign Affairs. Dr. Koichiro Agata, a member of the Meeting, Professor, the Department of Politics and Economics of Waseda University, was in charge of this evaluation.

Dr. Sanae Ito, Associate Professor, Graduate School of International Development, Nagoya University, and Dr. Takeshi Daimon, Associate Professor School of International Liberal Studies, Waseda University, have made enormous contributions to this report. Likewise, cooperation was received from the Ministry of Foreign Affairs, the Japan International Cooperation Agency and

the Japan Bank for International Cooperation. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this review. The Aid Planning Division of the Economic Cooperation Bureau of the Ministry of Foreign Affairs was in charge of coordination. All other supportive work was received from IMAJ (International Management Association of Japan) under the commission of the Ministry of Foreign Affairs.

Finally, we should add that the opinions expressed in this report do not reflect the views and position of the Government of Japan or any other institutions.

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## Abbreviation and Acronyms

ADB	Asian Development Bank
ADLI	Agricultural Development Led Industrialization
BEGIN	Basic Education for Growth Initiative
BHN	Basic Human Needs
CAADP	Comprehensive Africa Agriculture Development Program
CDF	Comprehensive Development Framework
CG	Consultative Group
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DAC	Development Assistance Committee
DFID	Department for International Development
EC	European Committee
EFA	Education for All
ESDP	Education Sector Development Program
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GNI	Gross National Income
GRIPS	National Graduate Institute for Policy Studies
HAPCO	HIV/AIDS Prevention and Control Office
HDI	Human Development Indicator
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome
HPI	Human Poverty Indicator
HSDP	Health Sector Development Program
IDA	International Development Association
IDS	International Development Statistics
IDGs	International Development Goals
IMF	International Monetary Fund
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JOCV	Japan Overseas Cooperation Volunteers
MARD	Ministry of Agriculture and Rural Development
MDGs	Millennium Development Goals
MOARD	Ministry of Agriculture and Rural Development

MOET	Ministry of Education and Training
MOH	Ministry of Health
MOLISA	Ministry of Labor, Invalids and Social Affairs
MOFED	Ministry of Finance and Economic Development
MPI	Ministry of Planning and Investment
NEPAD	New Partnership for Africa's Development
NGO	Non Government Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategic Paper
PRSC	Poverty Reduction and Support Credit
SDPRP	Sustainable Development and Poverty Reduction Program
SNP	Safety Net Program
SPA	Strategic Partnership with Africa
TICAD	Tokyo International Conference on Africa's Development
UNESCO	United Nations Educational, Science and Cultural Organization
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VCT	Voluntary Counseling and Test Service
VDGs	Vietnam Development Goals
WFP	World Food Programme
WHO	World Health Organization
WSDP	Water Sector Development Program

## Summary

### **1. Objectives and Methodology**

#### **1.1 Background and Objectives of Evaluation**

Poverty reduction is an important development objective shared by international society. In the ODA Charter revised in 2003, the Japanese Government positioned poverty reduction as an important issue, emphasizing cooperation in the sectors of “education,” “health care and welfare,” “water and sanitation,” and “agriculture,” and has been supporting the human resource development, social development, and sustainable economic development of developing countries.

This evaluation aims to draw lessons and recommendations for strengthening the effectiveness and efficiency of future assistance by evaluating in an integrated manner Japan’s ODA efforts toward poverty reduction. Furthermore, it ensures the accountability toward citizens by widely publicizing the evaluation results.

#### **1.2 Subject of Evaluation**

This report is a priority issue based evaluation that is one form of policy level evaluation, targeting to evaluate the assistance policy of Japan’s ODA efforts toward poverty reduction. The evaluation subject will mainly be the efforts toward poverty reduction by ODA from FY2001 to FY2004. Since the target sectors, aid types, and views toward poverty reduction are wide-ranging we began the process by first clarifying the subject of evaluation - policy framework and implementation policy - by systematically organizing Japan’s poverty reduction policy.

For the case analysis, Viet Nam will be the case country for on-site studies, and Ethiopia will be the target case country for literature research (reasons noted below in 1.3).

#### **1.3 Methodology of Evaluation**

As for evaluation concerning poverty reduction, (1)the aim of the assistance policy, and (2)the results of the assistance policy, are taken up as viewpoints for the total policy level evaluation. Also the evaluation is conducted by analyzing qualitative information centering on literature reviews. The main focus of the evaluation items is as seen below.

Table 1 : Viewpoints and evaluation items of policy level evaluation

Viewpoint of evaluation	Focus Points of Evaluation
1) Objectives <Relevance >	<ul style="list-style-type: none"> <li>○ How well the ODA toward poverty reduction match the ODA Charter which is the leading concept, and the contents of poverty reduction in the Medium-term Policy of ODA</li> <li>○ How well it conforms to the efforts toward poverty reduction by the developing country</li> <li>○ How well it conforms to international development goals and efforts toward poverty reduction</li> </ul>
2) Results <Effectiveness>	<ul style="list-style-type: none"> <li>○ How much the achievements of input is</li> <li>○ What implications are given through the trends in the achievements</li> </ul>

Furthermore, it was difficult to grasp the results of the assistance policy on an output and outcome level for all the items since its types and sectors are so widespread and complexly related, and since a long span is necessary until the impact toward poverty reduction surfaces. Consequently, we aimed to gain some sort of implications by grasping the input (input achievement) and its trends.

In the case analysis of Viet Nam and Ethiopia, evaluation was performed through the two viewpoints; the relevance of the assistance policy goals and the results of the assistance policy in the target country. We decided to evaluate the relevance of Japan's efforts toward poverty reduction and to learn lessons by comparing Viet Nam, which is achieving results in poverty reduction and economic development in Asia, and Ethiopia, which is still making efforts toward poverty reduction in Africa.

This evaluation is conducted between August 2005 and March 2006.

## **2. Efforts toward Poverty Reduction in the Donor Community**

### **2.1 Definition of Poverty and the Trends in Poverty**

#### **General Definition of Poverty and Its Definition in this Evaluation**

Although there are various discussions regarding the definition of poverty, according to the “DAC Guidelines: Poverty Reduction” compiled by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) in 2001, poverty is defined as a state lacking the five capacities of economic capability, human capability, political capability, socio-cultural capability, and protective capability. This suggests poverty has various aspects, not only through economic viewpoints such as income and consumption, but also as a state where basic human capabilities such as the width of choice and freedom is lacking. This concept of poverty left a large impact in discussing approaches toward poverty reduction from 1990 onwards. The “World Development Report” of the World Bank and the “Human Development Report” of the United Nations Development Programme (UNDP) concentrating on the theme of “poverty” was released, and at the UN Millennium Summit (2000), after the World Social Development Summit (1995) and the DAC’s New Development Strategies (1996), the Millennium Development Goals (MDGs) which made the reduction of absolute poverty by half by 2015 as an international agreement was adopted.

This evaluation will look at Japan’s efforts toward poverty reduction through the viewpoint of capabilities development with the DAC’s five capabilities in mind, as a viewpoint that will more directly grasp poverty reduction. With “Human capabilities (such as education, healthcare and welfare, and water and sanitation)” and “economic capabilities (such as economic infrastructures)” which can be grasped by sectoral achievements at the center, and “political capabilities,” “social and cultural capabilities,” and “protective capabilities,” which take the improvement of policy, system, and organizational capabilities and can be grasped as cross-sectoral issues, these were decided to be viewed totally as “capacity building.”

#### **The trend in poverty**

Looking at the trends of poverty from the economic aspect, approximately 1,100 million people in the world are forced into a life of poverty below the international poverty line (less than 1 dollar a day). Looking by regions, South Asia has the highest poverty population, and adding the poverty population of South Asia and Oceania centering China, the majority of the poverty group lives in the Asia region. Sub-Sahara Africa comes next. However, when looking at the demographic change, while the poverty population in the Asia region visibly declined in the 1990s, it is characteristic that the numbers have been increasing in Sub-Sahara Africa. Even when giving an overview of the current conditions in the fields related to human capacities which is another aspect of poverty through indicators such as the “primary education completion rate,” “child mortality rate,” “access to clean water,” and “access to sanitation facilities,” while each condition in the Asia

region is improving, the conditions in Sub-Sahara Africa are behind. This indicates the necessity of strengthening the efforts toward poverty reduction since efforts toward poverty reduction are raising results in the Asia region although the poverty population remains high, while positive results in the Africa region are not evident.

## **2.2 Efforts toward Poverty Reduction by International Institutions and the International Trend**

The World Bank views poverty as “the lack in capacities, opportunities for statements and electing representative, and vulnerability against external shock,” and putting an importance on “opportunity,” “empowerment,” and “security” for reducing poverty. Furthermore, the Poverty Reduction Strategy Paper (PRSP) is requested of developing countries, and many donors implement support in poverty reduction following this PRSP.

The United Nations Development Programme (UNDP) views poverty not only from an economic aspect, but through a multiple viewpoint related to all aspects of human development. The “Human Development Index (HDI)” which is calculated based on the average life expectancy, the literacy rate and years of school attendance, per capita GDP, and purchasing power, etc, has been released, and the “Human Poverty Index (HPI)” has been introduced from 1997.

The Asian Development Bank (ADB) views “poverty as a deprivation of essential assets and opportunities to which every human is entitled.” and ADB takes (1) sustainable economic development emphasizing the poor (creation of employment and income), (2) social development (developing human capital, population policies, developing social capital, gender and development, and social security), and (3) good governance as principal factors in measures toward poverty reduction.

The recent international trend regarding poverty reduction has stressed the importance of social development and human development emphasizing the expansion of human capabilities, while at the same time implementing financial support in line with the formation of poverty reduction strategy of the developing country. On the other hand, attention has been refocused recently to the role of economic infrastructure for economic development, and the infrastructure action plan by the World Bank, the joint study “connecting East Asia: a new framework for infrastructure” by the World Bank, Japan Bank for International Cooperation (JBIC), and Asian Development Bank (ADB), and the movement of the task team regarding “infrastructure” in the DAC’s POVNET(Network on Poverty Reduction) have been gathering attention.

### **3. Evaluation of Japan's Assistance Policy regarding Poverty Reduction**

#### **3.1 Evaluation of Policy for Poverty Reduction**

##### **3.1.1 Government Policy related to Poverty Reduction**

In the ODA Charter (revised in August 2003), poverty reduction was placed first as a priority issue, stating that “poverty reduction is a key development goal shared by the international community, and is also essential for eliminating terrorism and other causes of instability in the world,” and also states “to emphasize cooperation in sectors such as education, healthcare and welfare, water and sanitation, and agriculture, and to support human and social development in developing countries.” At the same time, it states that in order to reduce poverty, it is necessary to provide assistance for “sustainable economic growth, an increase in employment, and an improvement in the quality of life.” In addition to humanitarian viewpoints, during the globalization after the Cold War, poverty reduction has been placed as a top priority issue that removes destabilizing factors such as terrorism, brings stability and development in international society, and contributes to Japan's own security and prosperity.

The assistance in poverty reduction and social development sectors has been held as priority issues in the former ODA Medium-term Policy of 1999, and considering the ideas of the “New Development Strategies,” it is stated that “the aspect of reduction of poverty and social development, as well as support in human resource development and soft-type cooperation such as the development of institutions will be emphasized more than before.” In the new ODA Medium-term Policy revised in 2005, the four priority issues of “poverty reduction,” “sustainable growth,” “addressing global issues,” and “peace-building” are to be addressed considering the viewpoint of “human security.” Regarding the concept of poverty, the social aspect as well as economic aspect is considered important, and the next points are presented as concepts regarding poverty reduction.

- ◇ Positively contribute through the effective use of ODA toward the achievement of MDGs that incorporate goals to be accomplished by 2015 such as poverty reduction.
- ◇ Poverty has not only an economic dimension, such as low income and expenditures, but also social and political dimensions exemplified by a lack of access to basic social services such as education and public healthcare services, gender inequality, and a lack of opportunities to participate in the decision-making process. Sustained economic growth is a necessary condition for reducing poverty. Therefore, poverty reduction should be pursued comprehensively through actions that address both the economic and social dimensions.
- ◇ The factors that constitute poverty in each country are a complex combination of elements of economic structure, politics, culture, society, history and geography specific to that country. Therefore, assistance needs to be implemented taking fully into consideration the particular circumstances of each country

As an approach and specific actions to implement such assistance, the following four strategies of (1) cross-sectoral assistance that is tailored to the stages of development, (2) direct assistance to the poor, (3) assistance to reduce poverty through economic growth, and (4) assistance for institutions and policies to reduce poverty are held. Furthermore, in the new ODA Medium-term Policy, in addition to the direct assistance toward the poor, the indirect approach that leads to poverty reduction through promoting employment creation and the economic growth of a country or region as a whole is emphasized. In this background, there is the concept that pro-poor growth is important in the long-term efforts toward poverty reduction. The protection of human rights, the rule of law, assistance to the promotion of democratization, development strategies, and assistance for the improvement of policy making capacities such as economic and financial policies are emphasized as indirect support.

### **3.1.2 Implementing Institutions' Policy for Poverty Reduction**

The Japan International Cooperation Agency (JICA) defines poverty as a “condition in which people are deprived of their opportunities to develop capabilities required to lead a basic human life and are being left out of society and development processes,” and it has established the four strategic development goals aimed to improve the five capabilities of the DAC guidelines for poverty reduction.

- ◇ Reinforcing the planning, institutional, and implementation framework for poverty reduction (political, socio-cultural)
- ◇ Maintaining and raising the incomes of the poor (economic)
- ◇ Securing minimum living standards for the poor (human)
- ◇ Reducing external threats to the poor and strengthening their capacity to withstand shocks (protection)

Considering the compliance of the relevant country with poverty reduction strategies, JICA assumes an approach where the direct and indirect support toward the poor is implemented through sustainable development upon their proactive participation.

The Japan Bank for International Cooperation (JBIC) considers the definition of poverty from the DAC's guidelines for poverty reduction as its basis, and implements efforts for poverty reduction. In the “Basic Strategy of Japan's ODA Loan: Medium-Term Strategy for Overseas Economic Cooperation Operations” of 2002 to 2004, the “strengthening the response toward poverty reduction” was held first as an emphasized area, and sustainable economic development was considered necessary in overcoming the poverty problem, and the below support was to be implemented with concentration.

- ◇ Responding to poverty reduction through socio-economic infrastructure development

- ✧ Infrastructure development in rural regions (irrigation, rural roads, rural electricity, water and sewage development, etc.) and assistance to increase employment and income opportunities for the poor such as microfinance.
- ✧ Job training, etc., which enables the access for the poor to employment opportunities, and support for the human resource development of the poor.

JBIC's efforts as an implementation institution of yen-loans toward poverty reduction are characteristic in placing the socio-economic infrastructure development aiming for sustainable economic development as the top priority issue. With the recognition that economic development is necessary in countries where poverty reduction should be prioritized for long-term efforts for poverty reduction, it could be said that emphasis is placed on the economic development of pro-poor growth.

### **3.1.3 Relevance of the Goals of the Assistance Policy**

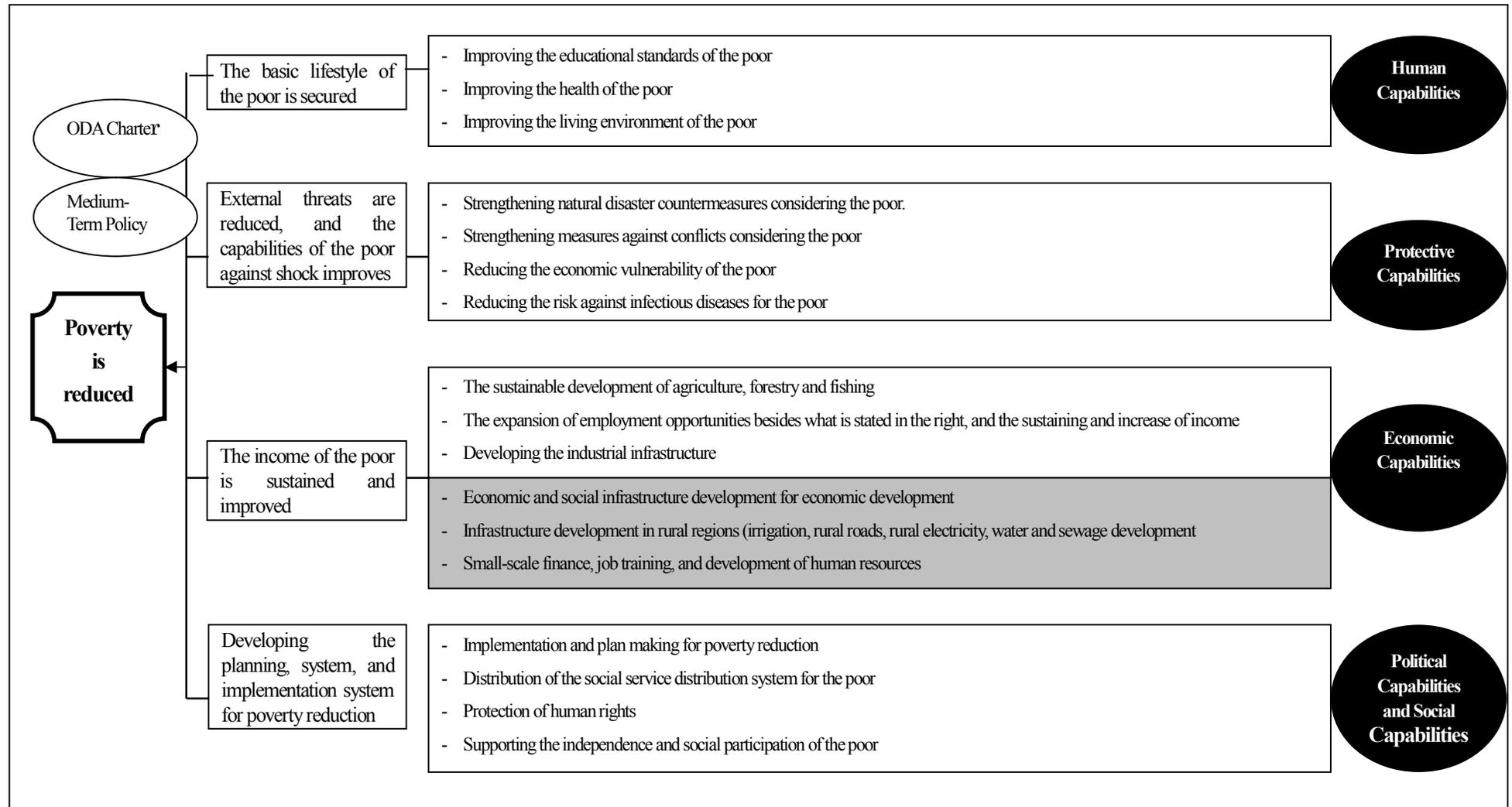
Figure 1 seen below organizes in an integrated manner the political frameworks such as the ODA Charter and ODA Medium-term Policy and the enforcement policy of each implementation institution formed under them, in evaluating Japan's ODA efforts toward poverty reduction. As a result of reviewing the enforcement policy of the trends of the international aid community, the contents of Japan's ODA policy, and the enforcement policy of the implementing institutions, Japan's relevancy in the policy aim related to poverty reduction can be evaluated as high.

- ✧ Japan's goals and enforcement policy in poverty reduction are in accordance to the trends of the international aid community of the 1990s. In other words, poverty is not grasped only from an economic viewpoint such as income and consumption, but also through multilateral formulation of policies such as providing opportunities for securing the basic human living standards. Such policy aims are also in agreement with the five capacities defined in the DAC's guidelines for poverty reduction.
- ✧ The enforcement policy of the implementing institution is in accordance to the principles of the ODA Charter. The accomplishment of the policy aim is expected by utilizing bilateral aid schemes (loan aid, grant aid and technical cooperation) and assistance through international institutions in accordance to the situations of target countries/regions.
- ✧ The implementing institutions have the policy to collect the basic information regarding poverty at the planning stage to grasp the various conditions of the assistance target country/region. This is very important to formulate the projects for poverty reduction.

On the other hand, it is difficult to clarify the policy for poverty reduction since the concept of poverty itself is multilateral. As can be seen in the trends in international assistance, the importance of infrastructure support in poverty reduction is re-acknowledged from the regret in too much emphasis toward the social sector. Japan has been assisting infrastructure in developing countries

as pro-poor growth seen in JBIC's enforcement policy. It is believed that holding the "poverty reduction" as a higher policy agreement rather than locating the "poverty reduction" as one of the emphasized issues, and placing several strategies (social development, economic infrastructure) below that will be easier to comprehend both in the implementation process and as an external explanation. The re-organization of the policy system with poverty reduction as the keyword is indicated.

Figure 1 Efforts to Reduce Poverty by ODA



Note: The shaded area is JBIC's enforcement policy.

### **3.2 Evaluation regarding the Results of the Efforts toward Poverty Reduction**

#### **3.2.1 Capturing the Achievements of the Assistance toward Poverty Reduction in this Evaluation**

The ODA's data is released by sectors, and in reality it is quite difficult to capture in the framework of poverty reduction. It is because, as has been seen so far, the target of poverty reduction spreads to various fields and issues, and the entire picture cannot be grasped only with the conventional achievements of each sector. Considering such limits, in this evaluation we decided to grasp the achievements through the two information resources seen below.

- ◇ Achievements compiled according to the initiatives for poverty reduction held by the implementing institutions (JBIC, JICA).
- ◇ Sectors related to human capacities (education, health care and welfare, water and sanitation), and sectors related to economic capacities (transportation, energy, communication, and agriculture, forestry and fisheries) in the main sectors of the Japan's ODA white paper.

#### **3.2.2 Achievements of Poverty Initiatives by the Support Implementing Institutions**

##### **Japan Bank for International Cooperation (JBIC)**

Although JBIC collects projects related to poverty reduction upon yen loans, there were 7 projects in FY2001, 7 projects in FY2002, 12 projects in FY2003, and 13 projects in 2004, and projects related to poverty reduction have been increasing on a yearly basis. Many of those have been implemented in the Asia region.

Although there is much assistance for sustainable development and infrastructure development on which JBIC places weight such as irrigation, regional roads, and integrated regional development, there have been projects implemented that connect to the improvement of human capacities such as education and health and medical care. However, there are projects with several components for poverty reduction, and it is necessary to pay attention that there are projects not appropriate for classification such as infrastructure development and the improvement of human capabilities.

The ratio of JBIC's projects for poverty reduction accounting for the total yen loans was 12 percent in 2001, but drastically leapt in FY2004 to approximately 21 percent. On the other hand, as will be discussed later in the section on "achievements related to economic capabilities," when including the economic and social infrastructure development supporting the sustainable development for poverty reduction, it is possible to organize most of JBIC's activities as efforts toward poverty reduction. Consequently, it is slightly misleading to state that JBIC's efforts toward poverty reduction have increased upon this data, and interpreting that a yen-loan of the "direct support to the poor" type has been increasing compared to the past will be appropriate.

### **Japan International Cooperation Agency (JICA)**

JICA's achievements in the area of poverty reduction<sup>1</sup> accounting for the total amount of technical cooperation was 19.9 percent in FY2001, 19.2 percent in FY2002, and 25.4 percent in FY2003, and has been increasing on a yearly basis. Looking at the regional and yearly project achievements of the technical cooperation project of the poverty reduction, in FY2004, the number of implemented projects increased by 1.5 to 2.0 in all regions. Although the Asia region has the most projects upon comparison, the Africa region, along with Middle-South America has been increasing.

JICA classifies the achievements of the poverty reduction upon technical cooperation into the three types of direct assistance to the poor (type I), support through the regional society (type II), and the policy and system assistance (type III). Looking at this upon each project type, since the technical cooperation project characterizes in assistance through the expansion of area, assistance of type II which is the assistance to the poor through the regional society is most common. Next comes a combination of type I (direct assistance to the poor) and type II. This is speculated since projects introducing a system where benefits directly reach the citizens such as the dissemination type project have been increasing. Although the number of type III (support in policy and system reform) projects are not many, in combination with other types, the 11 cases in FY2001 have expanded to 22 cases in FY2003, and it is observed that efforts in capacity building, in other words the policy in the institutional reform of the target country to promote poverty reduction are being increased.

Regarding the receiving of trainees, there are similarly many type II. It is especially characteristic that the receiving of trainees targeting the poor related to the assistance in the reform of policy and institution has drastically increased in FY2003 (18 in 2001 to 70 in 2002).

### **3.2.3 Achievements in Poverty Reduction as Seen in the ODA White Paper**

#### **Achievements in sectors related to human capabilities**

In the total achievements from FY2001 to FY2004, sectors accounting for the improvement of human capabilities upon grant aid have been visibly increasing yearly, and close to 75 percent have been occupied by this sector by FY2004. It is observed that grant aid has been utilized more frequently than before in assistance directly reaching out to the poor. In technical cooperation, more than 30 percent of the received trainees is dominated by sectors related to the improvement in human capabilities, and it is increasing yearly. In addition, approximately 40 percent of the dispatched volunteers has been dispatched to this sector. In yen-loans, approximately 30 percent of

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<sup>1</sup> To target the poor, and initiatives with support contents relevant to emphasized sectors (economic development emphasizing the poor, securing the basic living of the poor, etc.), and projects where the main beneficiaries are the poor.

the total yen-loans is continuously dominated by the “water and sanitation” sector, and it is observed that priority is taken to the social infrastructure development that the poor can access. Although assistance toward the Asia region dominates a large ratio regionally, assistance toward the Africa region in education and water and sanitation has largely increased in FY2004.

### **Achievements of sectors related to economic capabilities**

As a field related to economic capabilities, the achievements of the four sectors of “transportation,” “energy,” “communication,” and “agriculture, forestry and fisheries” were reviewed. First, regarding grant aid, while close to 40 percent were dominated in FY2001, it has decreased to 20 percent by FY2004. Considering recent trends where cooperation related to human capabilities have gone over 70 percent, it is seen that efforts toward the securing of the basic human needs of the poor have increased in the grant scheme especially in the strategies for reducing poverty.

Although there have been slight decreases in the achievements in yen-loans, it is characteristic that the support achievements toward economic development connecting to poverty reduction dominates close to 70 percent of the total. Achievements in the transportation and energy sector are especially high, and for the stable provision of services, etc., in sectors connected to the improvement of human capabilities such as education and healthcare, it is believed that there is a background where the improvement of the access to such basic infrastructure development is necessary.

### **3.2.4 Trend of and Consideration Seen in the Assistance Achievements in the Poverty Reduction Sector**

#### **Trends of the achievements of aid types**

Regarding loan aid, JBIC’s “initiatives for measures against poverty” have increased from 12 percent in FY2001 to 21 percent in FY2004, and implementation of projects connected to the improvement of human capabilities such as education, healthcare and clean water has been increasing. The characteristics of the implementation of assistance for poverty reduction through loan aid are that it is first an effort made for a more long-term reduction of poverty, and second, an economic development effective for poverty reduction, in other words something which supports pro-poor growth. It is also characteristic that regionally, assistance for Asia is overwhelmingly common.

Achievements in grant aid that connects to the increase in human capabilities have been visibly growing yearly. This shows that emphasis is placed on basic infrastructure for the securing of basic living of the poor.

Regarding technical cooperation, the ratio that the “poverty reduction” project defined by JICA

accounts for the total technical cooperation has increased from 19.9 percent in FY2001 to 25.4 percent in FY2003. Although this number includes social infrastructure development including housing, healthcare, sanitation, water and sewage, and education, economic infrastructure development such as transportation, irrigation, and energy, etc., are not included. Characteristically, there is the dispatch of volunteers and coordinating projects with NGO in direct assistance to the poor (micro level), much support such as technical cooperation projects such as the conventional utilization of schemes through the regional society (mezzo-level) and the receiving of trainees in the policy and institutional assistance (macro-level) has greatly increased. In technical cooperation projects where an expansion in area can be expected, a combination of mezzo and micro, and a combination of mezzo and macro is increasing. It can be pointed out that in the background is the recognition of the necessity of building in the policy and institutional formation for increasing sustainable effects and the structure of disseminating to citizens for effective assistance, where in the past the support range was the technological transfer for the counterpart.

### **What is indicated from the trends in the achievements?**

First of all, the many faces of poverty reduction have been recognized. Especially since the aspect of human development has come to be emphasized, poverty reduction has become involved in most of the achievements, so much that it can be called the main theme for ODA. In order to build a more effective assistance strategy, the necessity to accumulate experience, to place poverty reduction as an even more prioritized goal while classifying characteristic factors or each approach, in addition to the conventional grasping and evaluation of each sectors, is indicated.

Second, considerations to poverty reduction are implemented in various forms in all types of ODA. While project measures for poverty increases in loan aid, it is clearly emphasized that it is a form of assistance considering the effects to the poor from a long-term viewpoint. In addition, the ratio that grant aid accounts for the human capabilities sector has increased dramatically. It can be seen that in technical cooperation, upon the original classification divided in three levels, the approach of assistance from the dissemination, policy and institutional assistance to the regional society one step in from technology transfer, is expanding. Since there are many cases of such considerations toward poverty that do not directly represent the project goal and contents, it is necessary to externally appeal Japan's efforts and merits of poverty reduction.

Third, the regional difference upon the project types of the efforts toward poverty reduction is seen. Looking at achievements, although the Africa region is increasing in technical cooperation, Asia dominates the majority, and much of the loan aid targets the Asia region. In the situation of poverty, as has been overviewed in Chapter 2, the situation in the Sub-Sahara region is exacerbating. It is believed that in order to contribute to international commitments such as the MDGs, while on the one hand the necessity to increase support toward Africa is indicated, to provide assistance support by matching Japan's ODA strategies the regional highlights would be especially important for

issues such as poverty reduction which has multiple properties.

#### **4. Initiatives to Reduce Poverty in Case Countries (Viet Nam and Ethiopia)**

##### **4.1 Viet Nam**

##### **4.1.1 Current Situations of Poverty and Assistance to Viet Nam**

Viet Nam has achieved an average of 5.9 percent economic growth in the latest decade, more than twice the average of a developing nation. However, per capita gross domestic product (GDP) was US\$482 (2003), only one-third of the average in East Asia/Pacific.

The poverty rate related to economic capabilities improved largely from 58 percent of the country's entire population in 1993 to 24 percent in 2004. However much of the country's population is concentrated in the areas far below the poverty line; the regional disparity is also grave, as the poverty rate remains high in mountainous provinces in the north and elsewhere, as well as remote areas.

As for the areas leading to the enhancement of human capabilities, the average life expectancy and literacy rate both largely exceed those of the average developing nation. The completion rate of primary school is as high as 99.8 percent. As for the gender gap, girls' enrolment rate is on the rise, thus reducing the gap. The infant mortality rate is decreasing, too. However, the accesses to sanitary facilities and to clean drinking water are both below the average developing nation.

Like many developing nations, Viet Nam has formulated its PRSP in a bid to achieve poverty reduction. The Vietnamese version of PRSP is the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), which emphasizes both growth and poverty reduction. Although the CPRGS did not sufficiently describe growth promotion measures when it was formulated in May 2002, a chapter was added in 2003 to spare for the discussion of large-scale infrastructure as suggested by Japan.

Assistance for Viet Nam from the member countries of the Development Assistance Committee (DAC), when seen in a data divided by sector, has a high weight on the areas of the infrastructure that are related to economic capabilities (40 to 60 percent of such assistance), while the areas of the social sectors that lead to the enhancement of human capabilities account for 20 to 40 percent of such aid.

The World Bank evaluates positively that based on poverty reduction and growth as the core, Viet Nam's CPRGS indicates the three goals: the transformation to the market economy; realization of a fair growth pattern; and good governance. At the same time the bank believes that the promotion of structural reform from within the country is the premise for poverty reduction achieved through economic growth. Based on this belief the bank also emphasizes the capacity building such as the

modernization of the administrative mechanism. To help promote the CPRGS, the bank offers the Poverty Reduction Support Credit (PRSC) to Viet Nam.

The ADB also emphasizes poverty reduction through growth based on the CPRGS. The ADB highly regards the effects for poverty reduction created by the growth, as the bank believes the poverty reduction achieved so far is the result of the improvement of the access to water, electricity, and the like in the country. The ADB however says it is critical to take measures for residents in the remote areas, ethnic minorities, and the population slightly above the impoverished groups which is prone to be affected by external factors. Like the World Bank, the ADB, too, emphasizes inclusive social development.

The United Kingdom's Department for International Development (DFID) also highly values Viet Nam's achievement in the past ten years, attributing it to the commitment to growth shared by the government and the people, as well as to donor nations and organizations that underpin such commitment. DFID however indicates that the poverty reduction strategy through growth also has a problem of expanding disparity in society. Most of DFID's programs are undertaken as joint projects with the World Bank and other donors.

#### **4.1.2 Evaluation concerning the Objectives of Assistance Policies**

Japan's Country Assistance Program for Viet Nam (revised in April 2004) is aimed at balanced assistance in improving the economic infrastructure and the social sector with the three pillars of the promotion of growth, the improvement of lifestyle and social aspects, and institutional building. This is in line with Viet Nam's development objectives that emphasize both growth and poverty reduction.

The Country Assistance Program for Viet Nam emphasizes the key areas of poverty reduction such as education, healthcare, welfare, water and sanitation, agriculture, as well as sustainable economic growth, while reflecting the ideas of Japan's ODA Charter (revised in 2003). The Program also conforms to Japan's ODA Medium-term Policy (revised in 2005) as the plan identifies as the key issues the assistance pointed to in the Medium-term Policy, namely "direct assistance to the poor" and "assistance to reduce poverty through economic growth."

In Viet Nam, the country-based ODA task forces from Japan conducted a thorough analysis and consideration on each sector. Through this process, a common recognition base was made on what should be the key for assistance, leading to a good example of the conformity created between Japan's assistance policy and Viet Nam's development goals.

In Viet Nam, Japan aims at balanced assistance for the sectors that are related to economic capabilities and the ones that lead to the enhancement of human capabilities. A further notable

point is its assistance for capacity building.

Many donors such as the World Bank and ADB emphasize the promotion of the market economy and the modernization of administrative mechanisms, while Japan has been assisting Viet Nam's economic reform to promote market economy and institutional reform since the launch of the Study on the Economic Development Policy in the Transition toward a Market-Oriented Economy in the Socialist Republic of Viet Nam (the Ishikawa Project). These initiatives, such as the active commitment to the preparation for the DPRGS and the participation in the syndicated loan for PRSC3, are in line with the international current.

Regarding CPRGS, Japan suggested the importance of large-scale infrastructure and thereby helped other donors newly recognize the importance of infrastructure in the course of poverty reduction. It can be regarded that through these initiatives Japan as a leading donor gave important advice concerning the development in Viet Nam. These initiatives helped to appeal Japan's assistance philosophy (to achieve poverty reduction through the improvement of large-scale infrastructure and the promotion of sustainable growth based on the experiences in Asia) to the Government of Viet Nam and other donors. These active statements contribute to the direction of assistance today, which once again emphasizes the promotion of growth and the improvement of infrastructure in a bid to reduce poverty.

#### **4.1.3 Evaluation concerning Results**

##### **Areas that lead to the improvement of human capabilities**

In the areas that contribute to the enhancement of human capabilities such as education, health and medical care, Japan's assistance accounts for around 50 percent of the total amount extended by the DAC member countries.

Also in the education area, Japan account for 47.0 percent of the total amount of assistance received by Viet Nam (2004). The primary school enrollment rate and the literacy rate are both high in Viet Nam. But in its remote areas such as the mountainous provinces in the north, people are poor and faced by the challenges of the school enrollment rate and the quality of education. Japan's Country Assistance Program for Viet Nam examines aid to enhance the quality of primary education and improve the school enrollment rate (narrow the gap among regions), as part of Japan's assistance is extended to improving education facilities in remote areas such as the mountainous provinces in the north. Japan shares roles with the World Bank to assist in constructing school buildings in the four of northern 14 provinces. As a result of such construction, the number of students per class room has drastically improved from 107 to 34. It is further expected that two or three daily shifts at schools will be eliminated. Japan's assistance in the educational area is in this way extended to the areas faced by challenges and contributes to the improvement of the quality of education.

In the healthcare sector Japan's assistance has accounted for more than half of the total contributed by DAC member countries since 2003.

As for the strengthening of the functions of health and medical organizations, Japan seeks to help the establishment of the "referral system" with the core hospitals consisting of Cho Ray Hospital, Bach Mai Hospital, Hue Hospital, and others to which Japan has given assistance. It is a contrast to the actions by other donors, whose assistance mainly focus on subordinate medical institutions such as those built in communes. The "referral system" is designed to enable the transfer of patients in serious cases from subordinate hospitals to upper ones. The system also enables upper hospitals to offer instructions and training to subordinate ones.

The system realizes in the impoverished groups of society the improvement of the access to the medical services, as people gain the access to upper hospitals by means such as the transfer from their nearby health centers to core hospitals.

Japan has made achievements in the healthcare sector by expanding the services and facilities and in the cooperation in international medical challenges such as measles and HIV/ AIDS. Viet Nam has succeeded in controlling Severe Acute Respiratory Syndrome (SARS): Vietnamese government officials attribute this to Japan's assistance and acclaim its efforts.

As for the provision of clean water, Japan's assistance for water-related areas accounts for 50.5 percent of the amount contributed by the DAC member countries. A groundwater development project in place in the northern area has improved the sanitary conditions of the area through the provision of clean water and is further expected to create significant effects such the reduction of the sick rate.

### **Sectors related to economic capabilities**

In the areas of agriculture and rural development, Japan's assistance is second largest next to France among DAC member countries. Japan emphasizes assistance related to the improvement of the livelihood and production infrastructures (water supplies, rural roads, electrification, agricultural water utilizations, flood management, etc.) and assistance to the impoverished and malnourished areas.

The rural areas see a high concentration of impoverished populations. Japan extends assistance to these areas through plans to enhance the rural areas' livelihood (grant aid) and projects to improve the small-scale infrastructure in impoverished areas (yen-loans) among others. Through measures such as the improvement of local roads, repair of irrigation waterways and the promotion of rural electrification, the assistance aims at attaining stable agricultural products and smooth distribution

networks. The advancement of the rural electrification will help reduce the burden of household chores while enhance the opportunities for doing school work, thereby raising the level of life among residents. The improvement of roads will enhance the access to markets and cities and thereby increase the agricultural income. These create significant effects to reduce poverty. In the projects to improve the small-scale infrastructure, target impoverished areas are selected to apply plans that directly benefit the impoverished groups. Further increase is hoped for on projects with a perspective to target the impoverished.

As for the economic infrastructure, Japan amounts to about 90 percent of the total assistance extended by DAC member countries. Japan emphasizes assistance in the infrastructure, as it suggested in regards to the CPRGS that large-scale infrastructure contributes to the economic growth and poverty reduction.

The linkage between the large-scale infrastructure and poverty reduction can be seen as follows: the large-scale infrastructure, as it is being improved, can induce investments by effects such as the improvement of the business environment, the increase of foreign and domestic investments, the promotion of the industrialization and the creation of income and jobs in relevant industrial sectors. It can also improve the access to the market and information, which will increase and diversify the agricultural productivity as well as promote other industrial sectors, thereby leading to the vitalization of local economies with jobs and income generated for rural households. Construction projects for the infrastructure will also lead to the effects to create demand, employment and income. Said infrastructure will furthermore improve the access to basic public services, thus contribute to the improvement of the living standard of the impoverished. Beyond these primary effects, said infrastructure will further expand the fiscal budgets for the impoverished, as tax revenues increase in the expanding economic growth, thereby further improve the livelihood of the impoverished.

Concrete achievements include the following: the national highway No.5 improvement project (1994-96) and the Hai Phong Port rehabilitation project(1994/2000) sought the improvement of the road and bay facilities, which increased the efficiency of distribution, allowed foreign companies to enter into industrial park and created jobs, thereby contributing to the economic development. The improved road also vitalized the shipment of agricultural products from the rural areas to large cities. Resultantly residents' income grew by 30 percent while the poverty rate decreased by 35 percent in the areas involved.

For the new national highway No.3 and regional road network construction Project (I), the improvement of the peripheral roads were part of the plans to afford better road access to the impoverished areas around the project site. Also in a tie-up with experts from JICA, the system of "michi-no-eki"(roadside stations) was introduced as the venues to promote the participation of

local residents through activities such as selling appealing local farm products.

These represent significant efforts that are being made for poverty reduction, made possible by the projects that have been carried out with pro-poor growth, aiming to extend the benefit of growth to the impoverished populations.

### **Capacity Building**

Donors such as the World Bank and the ADB believe that poverty reduction through growth is difficult to attain in any given country unless modernization materializes in its institutions and organizations, through measures such as the promotion of market economy including state-owned company reform and the improvement of the legal system.

As assistance for capacity building, Japan has provided comprehensive policy assistance, along with human resource development and assistance in the legal system reform. These involved the dispatch of experts to various areas such as financial modernization and the improvement of the legal system, as well as the acceptance of trainees for various learning opportunities. These ways of cooperation are leading to the institutional system reform and modernization in Viet Nam.

Japan took part in a syndicated loan in 2004 for the PRSC held under the initiative of the World Bank. The “Action Plan of Japan-Viet Nam Joint Initiative” was incorporated as a policy package. In the Japan-Viet Nam joint initiative, collaboration work is underway for the improvement of the investment environment in Viet Nam to enhance the country’s competitiveness. The work is expected to improve the economic infrastructure, help review laws governing investment and prompt investments from foreign businesses.

#### **4.1.4 Trend of and Consideration for Assistance to Reduce Poverty in Viet Nam**

Since resuming assistance in 1992, Japan has been implementing effective assistance, while considering the balance of the sectors related to economic capabilities and those related to the enhancement of human capabilities, and extending assistance for capacity building. In the sectors related to economic capabilities, Japan has implemented infrastructure projects taking into consideration the impoverished populations and thereby contributed to achieving high economic growth. Grant aid, loans and technical cooperation have also been considered. In the sectors that lead to the enhancement of human capabilities, Japan helped the mountainous and remote areas improve the quality of their primary school education. Opportunities are also being created for the impoverished population in local areas to receive treatment in upper hospitals based on the construction of the referral system in which Japan is assisting. Japan has presented sector-specific initiatives to strengthen the improvement of human capabilities. However in the survey for Viet Nam, such sector-specific initiatives were not referred to in the list of preliminary evaluation or in the implementation policy of the implementing organizations.

It is important to make clear how the sector-specific initiatives were considered in the preliminary surveys and how they were positioned in the projects, in order to explicitly indicate the effects of assistance for poverty reduction, and also in order to consider the relevancy of the projects.

The following points are considered to be important to implement assistance to reduce poverty:

The Medium-term Policy for ODA (revised in February 2005) indicates concrete approaches to reducing poverty. These were the fruits of the country-based ODA task forces which actively worked in the country to adequately grasp the points discussed in Japan's assistance policy and reflect them in formulating the Country Assistance Program (revised in April 2004). The country-based ODA task forces are assigned to the following important functions: in Viet Nam, a working group is organized for each major issue on economic and social development by the Government of Viet Nam, donors and NGOs. Here, the country-based ODA task forces function as the promoter of "assistance that represents the voice of the donor" by conveying Japan's ideas on assistance to such working groups, donors' meetings, and other occasions. Also the country-based ODA task forces are in a position where they can directly grasp the local development needs and the reality of assistance, based on which it functions to review Japan's ODA. It is recommended that the country-based ODA task forces be actively assist and their activities be strengthened as they play these important roles.

For CPRGS, Japan entrusted surveys to the National Graduate Institute for Policy Studies (GRIPS) aiming to create an agreement among donors concerning Japan's proposed strategy to emphasize large-scale infrastructure. That is a good case example in which Japan made good use of external intellectual resources to help deepen the understanding of other donors for Japan's assistance policy. Japan should continue such active use of external intellectual resources. Also, it should further actively appeal its ideas to the donor community as it did at the time the CPRGS was being formulated.

## **4.2 Ethiopia**

### **4.2.1 Current Situation of Poverty and Assistance to Ethiopia**

Ethiopia is the second largest country in Africa in term of population: the country is facing worsening food provisions with 20 percent of its people lacking sufficient food, prompted by the increase of the population and repeated droughts. The poverty rate related to economic capabilities is 46 percent in 2003, having barely been improved from 48 percent in 1990. Also in the sectors that lead to the improvement of human capabilities, Ethiopia is far below the average of the Sub-Saharan region, in terms of the provision of toilets, access to clean water, and the literacy rate, etc.

The “Sustainable Development and Poverty Reduction Program” (SDPRP), the Ethiopian version of PRSP, was compiled in 2002 and is located in the core of the country’s national development plan. SDPRP aims at the independence from food assistance and the improvement of the impoverished populations through economic growth. SDPRP has the following pillars of the development strategies: (1) the Agricultural Development Led Industrialization Strategy (ADLI) and food security; (2) administrative and judicial reforms toward democratization; (3) decentralization and empowerment; (4) capacity building of the government and the private sector.

The donor community works on poverty reduction based on SDPRP. A multilateral “pool fund” has been established to monitor the progress of SDPRP, to which Japan participates for limited objectives. The government of Ethiopia strongly hopes for the General Budget Support (GBS) and to which the World Bank, the African Development Bank and other donors express active participation. However, Japan currently maintains a prudent stance toward the participation to the GBS. Japan at the same time has been continuously providing non-project grant aid since 1995, which has been used as budget support for economic and social development. The amount of the non-project grants that Japan offers in this way to Ethiopia follows to the amount offered by the United Kingdom in GBS.

Japan is the third largest bilateral donor for Ethiopia after the United States and Germany. Japan also makes a large contribution in the healthcare sector through the channel of the United Nations Children’s Fund (UNICEF). This included, Japan is one of the top donors in the area of poverty reduction. The US contributes largely in education and healthcare, while Germany in education, roads, agriculture and forestry. The UK directs more than 60 percent of its assistance to GBS.

#### **4.2.2 Evaluation concerning the Objectives of Assistance Policy**

The Country Assistance Program for Ethiopia is currently being formulated. In the Program being formulated, Japan emphasizes to respect the development strategy of the recipient government. The program expresses Japan’s stance to take the recipients’ own circumstances and its own initiatives into account when extending assistance, while PRSP which has a risk of being made stereotypical by the requests from the international aid organizations. The respect for ownership is the basis of development: it is important and relevant for the poverty reduction policy to seek the manifestation of ownership and orient itself for this end.

In the policy discussion between Japan’s ODA local task force and the Government of Ethiopia (2003), the two sides agreed on setting the following key sectors: (1) education and human resource development; (2) healthcare and countermeasures for HIV/AIDS; (3) water; (4) economic infrastructure; (5) development for food, agriculture and rural areas. These sectors are also identified as the prioritized sectors in the formulation policy of the Country Assistance Program. These sectors also conform to the key areas of poverty reduction in the ODA Charter.

### **4.2.3 Evaluation of the Results**

In The Third Tokyo International Conference on African Development (TICAD III) in 2003, Japan presented the “Cooperation Initiatives for Africa”, with the three pillars of (1) human-centered development; (2) poverty reduction through economic growth; and (3) the consolidation of peace. Japan also announced the provision of US\$1-billion in grant aid over the next five years. During the four years from 2001 to 2004, Japan offered Ethiopia ¥18.7-billion in the ODA total. This amount consisted of ¥13.8-billion in grant and ¥4.9-billion in technical cooperation. By sector, a majority of the ODA fund was allocated for the economic infrastructure, such as the construction of the paved roads, while the next largest sum was spent for food aid. Emphasis was put on the agricultural aid and the poverty issues (especially on a the population increase) as well.

#### **Sectors that lead to the enhancement of human capabilities**

Japan is reinforcing its assistance to the education sector, with technical cooperation projects of the construction and the management of primary schools. Japan works on unique project of constructing non-formal primary schools, and extending services of multilingual remote schooling. These projects are valued as Japan’s originality aid by the recipient, in contrast to the standardized aid facilitated by the multilateral common fund that relies on international and local consultants for execution.

While the Ethiopia’s Ministry of Health, UNICEF and the World Health Organization (WHO) promote the Expanded Programme on immunization(EPI), Japan’s grant covers 38.8 percent of the total cost for polio vaccination and 100 percent of that for measles vaccination. The international society highly valued Japan for its efforts that have largely contributed to the polio extermination of polio. Japan also contributes to the expansion of the vaccination services by providing about one-thirds of the equipment and materials for health posts and health centers located in overall Ethiopia.

The rate of access to clean water in Ethiopia is 22 percent, far below 58 percent, the average of the Sub-Saharan nations. Japan’s assistance to the “Groundwater Development and Water Supply Project” covers human resource development, involving such local staff as groundwater probe engineers, excavation engineers and promoters for residence participation. Japan’s assistance covers about 10 percent of the total costs injected from 1992 to 2000 to the water supply and public hygiene sector in Ethiopia.

#### **Sectors related to economic capabilities**

Ethiopia is an agricultural nation with 85 percent of its entire population being farmers and more than 50 percent of its gross domestic product (GDP) being agricultural production. As such, the country is facing the deterioration of the land productivity due to haphazard land exploitation and

excessive cultivation prompted by the rapid expansion of the population. In addition, the country's traditional agriculture, which depends on rainwater, experiences a massive shortage of food every time a drought hits the country.

Japan has been implementing food aid technical cooperation to increase the production of food for many years in the rural areas of Ethiopia, where people suffer from droughts and the chronic shortage of food. At the same time, from the perspective of ADLI assistance, Japan has been implementing projects to reinforce the capabilities for farmers. To improve the agricultural productivity in Ethiopia, it is important to promote and disseminate relevant technology to farmers through agricultural promotion staff. For this end, Japan has been expanding assistance in creating a system that mobilizes agricultural experiment stations of the federal and regional levels.

The situation of Ethiopia's road network lags largely behind. The roads constructed by the Japanese grant aid account for 12 percent of the country's asphalt paved roads, representing the largest share among the bilateral donors. The improvement in the road network helps to create economic effects in the neighboring areas through the reduction of time distances, and increases in the traffic and volume of transportation, etc.

Japan emphasizes and implements capacity building to educate and support the road engineers and managers who maintain and manage the paved roads for which the Government of Ethiopia highly values Japan's efforts in the road sector. From now on it will be important to construct the access roads to the paved roads in the mountainous areas to benefit the impoverished people living there, as well as the farm roads to enhance the distribution of agricultural products to benefit farmers.

### **Capacity building**

While GBS is being implemented by other donors, it is required to develop the capabilities of human resources for managing the public expenditures on the Ethiopian side to implement the development projects effectively. For this purpose, Japan has been providing capacity building for local government officials in charge of project implementation (in the water and the road sectors) under the current trend of decentralization of the project implementation.

#### **4.2.4 Trend of and Consideration for Assistance to Reduce Poverty in Ethiopia**

The amount of Japan's assistance to Ethiopia is not so large as that to Viet Nam. The international aid community, indicating a new trend of aid to Ethiopia, put emphasis on the scheme of multilateral pool funds and GBS. Amidst such moves, Japan has been implementing projects and non-project grants that show its originality. Japan is the largest grant donor for road pavement in bilateral schemes. In the healthcare sector, Japan's grant aid cooperation covers much of the fund resources for the Expanded Programme on Immunization (EPI) extended by UNICEF and WHO. In the education sector, Japan is contributing to the unique projects in the constructing the

non-formal primary schools, and extending the multilingual remote schooling services, etc.

Under these trends, it is essential to identify the regional characteristics of the country, and formulate the national development plans and policies that clearly position the regional strategies aiming at poverty reduction.

It is recommended that “prioritization and concentration,” be emphasize in promoting assistance based on Japan’s relative advantages, for such sectors as the economic infrastructure and the agricultural development. In the sectors led by other donors, however, Japan needs to cooperate with them in implementing its assistance.

## **5. Recommendations**

### **5.1 Strategic Systemization of Policies Related to Poverty Reduction**

- (1) To establish more effective assistance strategies, it is important to identify poverty reduction as a common goal for the ODA policy. It is further desirable under such a goal to organize key challenges in the order of characteristic such as social development, economic development, etc.

As is indicated by the diversity nature of poverty reduction, there is no room for dispute about the point that poverty reduction is the main theme of ODA. But because of the diversity, it is difficult to grasp the entire picture of poverty reduction based on the traditional way of dividing policies by sector and based on the results made in each field. These difficulties hamper the accumulation of experiences to contribute to further poverty reduction. Instead of the current way of identifying poverty reduction as one of several key challenges, in a broader sense, it is desirable to grasp poverty reduction, in the same way as grasping human security, as a common perspective/target for the ODA Charter and its Medium-term Policy. It is further desirable, under such common perspective/target to group subordinate policies into categories of approaches effective to poverty reduction. These ways will enable more strategic systemization of policies.

- (2) Clarification of Sector-Specific Initiatives

As for strategies to reduce poverty, Japan has presented many sector-specific initiatives for “education”, “health,” and “water”, etc., which are identified as the sectors that lead to the enhancement of human capabilities. However, as in Viet Nam, in surveys conducted on many ex-ante project evaluation reports, no cases were found in which these initiatives were referred to. To manifest the effects of assistance for poverty reduction, it is essential for preliminary evaluations to clarify how sector-specific initiatives were considered in them. It is also essential to clarify how these initiatives were positioned in relevant projects. Such clarification is also important at the time of considering the relevance of the planned projects. Considering the relation

between the projects in question and sector-specific initiatives during the stage of planning projects, which includes preliminary researches, will lead to the clearer positioning of Japan's poverty reduction strategies.

## **5.2 Compilation of Assistance Strategy by Region and “Prioritization and Concentration” of Assistance**

- (1) It is recommended that regional characteristics be identified; thereupon strategically consider on the level of formulating policies what type of assistance is effective for poverty reduction; and clearly position in such policy the regional strategies for poverty reduction prepared by Japan's ODA.

With regard to the current situations of poverty, the Asian region, having the greatest absolute number of impoverished populations, is seeing a smooth progress of the index toward the MDGs, as outlined in Chapter 2. The Sub-Saharan Region, on the other hand, is seeing an increase of its impoverished populations, while its human development index remains unimproved. The recent record of Japan's assistance shows an emphasis on Asia in terms of the assistance for economic and social infrastructure and an increase of assistance to Africa in terms of sectors of human capabilities. To contribute to the MDGs as an international commitment, the needs to increase the assistance for Africa are being implicated, while there are also needs to thoroughly consider how to match the degree of economic development of the recipient countries and the strategies of Japan's ODA, in order to jointly address poverty reduction. As the premise for such consideration, it is also important to inspect those poverty reduction strategies in which Japan holds comparative advantages.

- (2) It is recommended that assistance models tailored to each recipient country be constructed, in order to seek “prioritization and concentration”

Viet Nam's case is a good example in which Japan respected the ownership of the recipient country toward development and contributed to poverty reduction through assistance for the economic infrastructure to achieve industrialization and through economic growth. In Ethiopia, on the other hand, key challenges in the run-up to industrialization include the improvement of the domestic system for food transportation, the increase of agricultural production to boost the self-sufficiency of food.

To implement assistance effectively with limited funds, “prioritization and concentration” is recommended: as in the case of Ethiopia, Japan should concentrate its funds into the economic infrastructure, etc. to which Japan has advantages, while seeking to cooperate in sectors which are emphasized by other aid organizations and international organizations

## **5.3 Strengthening of Assistance Tools Used to Reduce Poverty (Strengthening the Functions**

## **of the Country-based ODA Task Force and Enhancement of Collaboration)**

- (1) It is important to enhance collaboration among Japan's assistance schemes and to strengthen collaboration with other donors, international organizations and NGOs.

Poverty reduction is a target of assistance that can lead to the improvement of human capabilities, economic capabilities and capacity building. These ends require cross-sectoral approaches. To effectively address such multidimensional ends of poverty reduction, cooperation must be sought more than ever among Japan's assistance schemes (technical cooperation, loans, and grant aid), while at the same time, good use must be made of the expertise of international organizations and of the advantages held by NGOs which are typically experienced in grassroots aid. An example is collaboration between the Expanded Programme on Immunization (EPI) by UNICEF/WHO and Japan's grant aid in Ethiopia. This case can be seen as a good practice to work on reducing poverty. There is also necessity to promote research and study on the modalities of cooperation through inspections of favorable cases like this one for the EPI.

- (2) It is recommended that country-based ODA task forces be actively assisted and their activities reinforced through seminar for ODA task force, meetings of officials in charge of economic cooperation and other means

In Viet Nam, many working groups are in place, each addressing a major issue related to economic and social development, with the members consisting of the Government of Viet Nam, donors and NGOs. The issues addressed include poverty reduction, financial reform, and education reform. The issues also target the health and medical sector and other sectors that relate to economic capabilities and the enhancement of human capabilities in efforts to reduce poverty. In these circumstances, country-based ODA task force have an important function to work as the promoter of "assistance that represents the voice of the donor," and therefore support for country-based ODA task forces should be continuously reinforced through seminars and other means. In the African region, there is a regular meeting such as the one held for officials in charge of economic cooperation. Such meetings should be actively promoted in other regions as well, as it is important for each region to have occasions to exchange opinions concerning the current state of assistance activities, challenges of assistance and other issues.

Country-based ODA task forces have another important function to review Japan's ODA. These taskforces are in positions where they can directly grasp the local needs of development and the reality of assistance. From these positions the taskforces are expected to review Japan's ODA, in terms of its objectives/significances, directions, key areas, key issues, effectiveness, etc. and thereby contribute to the implementation of more effective assistance through their activities to give suggestions concerning the directions of Japan's assistance.

- (3) Country-based ODA task forces are required to seek the reinforcement of exchanges with the

private sector and actively use external intelligence

When the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) was being formulated in Viet Nam, we entrusted a research to the National Graduate Institute for Policy Studies (GRIPS), which, through the promotion of workshops in Viet Nam and other opportunities, led to the agreement among donors on Japan's proposed strategy involving large-scale infrastructure. Country-based ODA task forces should continuously make good use of external knowledge such as universities, research institutes and private organizations, while the strategy taken in Viet Nam should be applied in other regions as well.

#### **5.4 Effective Presentation of Japan's Commitment to Poverty Reduction**

- (1) To gain understanding of other donors for Japan's commitment to poverty reduction, it is important to promote "Assistance that Represents the Voice of the Donor" by actively appealing it to the donor community

Japan should strengthen its presentation capability to gain understanding of other donors for its commitment to poverty reduction. When the PRSP was being formulated in Viet Nam, Japan actively suggested that large-scale infrastructure will help reduce poverty. Based on this effort there created a direction of development shared among donors, with the sequence: the improvement of infrastructure—>economic growth—>poverty reduction. Japan should further actively promote its suggestions as this one, "assistance that represents the voice of the donor."

Other good case examples to this end include Japan's active commitment to the Network on Poverty Reduction (POVNET) and a research jointly held by JBIC, the World Bank and others to consider the new framework toward improving the infrastructure

In Africa, Japan showed its eagerness ahead of other nations to commit to African development, through the Tokyo International Conference on African Development (TICAD) and other media. It is further suggested that Japan enhances its appeal at donor meetings and other occasions to have the development philosophy that Japan targets shared by other donor nations and international organizations.

- (2) Japan's ODA, in its implementation stage, is carried out with various considerations for poverty reduction: it is suggested that such consideration be appealed in Concise Ways at Home and Abroad.

Japan has been carrying out cooperation by means of loans, grant aid and technical cooperation, each having consideration for poverty reduction based on its implementation policy. However, there are many cases in which such consideration for poverty reduction is not shown directly in the objectives and contents of the relevant projects. These cases indicate the necessity of the efforts at home and abroad to appeal in concise ways the success cases of such consideration for poverty

reduction as well as the characteristics of Japan's strategies, in order to deepen the understanding of the Japanese people for the country's commitment to poverty reduction and to enhance Japan's presence in the international aid community.

(3) It is suggested that the active use of existing databases be considered so that the achievements of Japan's commitment to poverty reduction can be grasped

Based on existing records of achievements which are classified by challenge and sector, it is difficult to determine to what extent such records should be identified as the achievements of poverty reduction. Currently there exists a database that classifies the assistance achievements by the DAC's statistic code, but this classification has no category that is associated with "poverty reduction." In order to create a database that specializes in poverty reduction, it is suggested that the definition of poverty reduction be clarified in the first place, thereupon the relevant codes be extracted from existing databases. In the light of the diverse nature of poverty reduction and cross-sectoral commitments involved, it is deemed difficult to share any given definition among all relevant parties. At the same time, however, if a set of data is established to allow for the grasp of the achievements which are classified by each of Japan's strategy for poverty reduction, such data can serve as the precious resource to enable monitoring in objective ways, evaluations and appeals of the effects of poverty reduction, as well as consideration for Japan's relative advantages. It is important to consider the modalities to improve the data on Japan's commitment to poverty reduction.