

Japanese thinking on PRSPs

Key texts:

JICA (2001) ‘Re-thinking Poverty Reduction: PRSP and JICA’ JICA
http://www.jica.go.jp/english/publication/studyreport/topical/poverty/poverty_e.pdf

From Preface:

“This study discusses how Japan should deal with [recent] international collaborative trends, including the preparation of PRSPs. This specifically includes the following three areas:

- (1) Active participation in the preparation, monitoring, and evaluation of PRSP, and provision of assistance to developing countries in the preparation and implementation of their PRSPs.
- (2) Identification of the relationship between the PRSP and Japan’s ODA country policies, JICA’s country programs, and project request surveys in order to reflect Japan’s aid policy on the PRSP.
- (3) The greatest possible response to new aid modalities, such as program aid.

The new aid modalities are based on the concept that donors should be able to provide assistance more effectively through coordination. These modalities include program aid, Common Funds, improvement of the predictability of aid, and harmonization of procedures. Japan has opposed the introduction of a unified aid modality. It has instead proposed that donors should provide developing countries with various means, from which they can select the ones the most suitable to their situation. Through close coordination with concerned donors, it is necessary to discuss future measures for providing more efficient and effective assistance.

Needless to say, the situation surrounding poverty as well as its causes vary among developing countries. Thus, poverty must be tackled according to the conditions in each country. For this purpose, it is important to improve Japan’s ODA country policies and JICA’s country programs, enhance the country-specific approach, and clearly explain Japan’s philosophy regarding PRSPs. It is also necessary to further develop a theoretical basis through comprehensive analysis of the process, content, and problems of PRSPs, and to establish Japan’s own strategy and method.”

Ishikawa, S (2002) ‘Growth Promotion versus Poverty Reduction – World Bank Rethinking of Aid Policy and Implications for Developing Countries’ Nihon Gakushuin Kiyo 56.2 Jan.’02 http://www.grips.ac.jp/forum-e/pdf_e01/Ishikawa1.pdf

This paper presents a critical analysis of the recent goal shift by International Finance Institutions – from “growth promotion” to “poverty reduction”. Although the newly adopted goal of poverty reduction is based on some sound intellectual theory (from Stiglitz and Sen amongst others), nevertheless, current IFI thinking on development strategy is not yet fully refined. Ishikawa argues that as regards goals, it is not a question of a choice between the alternatives of growth promotion and poverty reduction, but rather that the two should be combined. Furthermore, he points out that recent PRSP initiatives have been helpful to an extent, but that they “lack robustness at an action plan level”. It is important that development strategy should be able to

address the specific nuances of any given national context – and so he presents his own analysis from Vietnam, calling for more of such empirical research at country level.

Ishikawa, S (2004) ‘On the Effectiveness of the PRSP Regime’ *Technology and Development* no.17 JICA
http://www.jica.go.jp/english/publication/studyreport/topical/articles/articles_01.pdf

Abstract:

“In early 2000, the IMF and the World Bank introduced the Poverty Reduction Strategy Papers (PRSP) program. The program represents a revision of the Structural Adjustment Lending (SAL) program, which had been initiated in 1980 to pursue market-oriented institutional and policy reforms in developing countries, and to recover and accelerate economic growth following the two oil shocks. The new program aims at poverty reduction in low-income developing countries, based on economic growth and further strengthening of institutional and policy reform strategies. This article analyzes the attainability of this aim from three perspectives. First, it examines whether the PRSP program is effective as "an institutional system of economic aid." Under the SAL program, conditionalities were imposed on developing countries as a means to compel reform in exchange for economic aid, and it was considered that the program failed because the system deprived the recipient countries of ownership. One of the issues is how the new program intends to revise its conditionality policy. Second, the article analyzes whether the development model envisaged in the PRSP program is adequately equipped to materialize economic growth conducive to poverty reduction, and if even the very modest poverty reduction goals required by the PRSP program, under the developing countries' poor domestic savings rates, might overwhelm their potential to maintain the minimally required growth targets. Finally, the article considers whether the enhanced Heavily Indebted Poor Country (HIPC) Initiative, which was agreed upon at the G7 summit in 1999, prior to the PRSP program, can eventually reduce the debt stock of HIPC countries to a "sustainable level" as intended, and allow them to pursue their development efforts under the same conditions fulfilled by ordinary PRSP program-supported countries.”

Other relevant articles:

GRIPS Development Forum

- (2002) ‘Japan’s Development Cooperation in Vietnam - Supporting Broad-based Growth with Poverty Reduction’ GRIPS

http://www.grips.ac.jp/forum-e/pdf_e01/VN%20paper.pdf

- (2003) ‘Linking Economic Growth and Poverty Reduction GRIPS – Large-Scale Infrastructure in the Context of Vietnam’s CPRGS’

http://www.grips.ac.jp/forum-e/pdf_e01/cg_version2.pdf

JICA (2004) ‘Country Study for Japan’s ODA to the Republic of Bolivia – Towards increased Human Security and enhanced Productive Capacity’ JICA

<http://www.jica.go.jp/english/publication/studyreport/country/bolivia/index.html>

Ohno, Izumi (2002) ‘Diversifying PRSP – The Vietnamese Model for Growth Oriented Poverty Reduction’ GRIPS

http://www.grips.ac.jp/forum-e/pdf_e01/PN2.pdf

Shirai, S (2003) 'The Impact of IMF Economic Policies on Poverty Reduction in Low-Income Countries' JBIC Discussion Paper no.4

http://www.jbic.go.jp/english/research/report/discussion/pdf/dp04_e.pdf

Yanagihara, T (2001) 'Approach to Poverty Reduction in Developing Countries and Japan's Contribution' *Technology and Development* no.16 Jan. 2003

<http://www.jica.go.jp/english/publication/studyreport/technology/pdf/16.pdf>

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