

# Japan Fund for Poverty Reduction

The Japan Fund for Poverty Reduction (JFPR) is an untied grant facility established by the Japanese Government and ADB in May 2000. From an initial contribution of \$90 million, the fund now stands at more than \$360 million, of which \$224 million has been committed. JFPR assists ADB clients in providing direct relief to the poorest and most vulnerable segments of society while building up their capacities for self-help and income generation.

In particular, JFPR

- initiates and supports innovative programs that have significant potential for improving the affected countries' situations;
- provides relatively rapid, demonstrable benefits through initiatives that have positive prospects of developing into sustainable activities over the long term; and
- assists programs designed and implemented by local populations and civil society.

JFPR is a tool for local communities and CSOs to actively participate in the development process. JFPR partnerships are forged as follows:

- A community group or NGO may collaborate with an ADB team currently managing a related ADB-financed project in conceptualizing and designing the proposed grant. However, only ADB staff can officially submit JFPR applications. Civil society groups are advised to establish contacts with ADB country teams directly or through the NGO/civil society anchors in resident missions.
- JFPR grants may be executed by recipient governments (central or local) or by CSOs. The executing agency may procure the services of CSOs in the implementation of specific grant activities.

### **Maximizing Beneficiary Participation in Rural Tajikistan**

In 2001, ADB approved the Rural Poverty Reduction Project in Tajikistan. Financed primarily by a \$3.2 million JFPR grant, the project aimed to reduce the burden of poverty by increasing the capacity of vulnerable households to meet their basic needs by raising agricultural production, improving income-generating opportunities for women, and building capacity.

Two INGOs with markedly different backgrounds were selected as implementing agencies, and were given a great deal of independence in fulfilling their responsibilities. The lead role was allocated to the Aga Khan Foundation (AKF) which, besides contributing \$300,000 to the project, had nearly a decade of experience in Tajikistan and a staff of 3,000 people in-country. AKF is headed by the Aga Khan, the Paris-based spiritual leader of the Ismaeli Muslims, a moderate sect that promotes education and women's rights.

The second INGO was the Cooperative for Assistance and Relief Everywhere (CARE) International, which was set up as an American humanitarian agency after World War II and now operates in 65 countries with headquarters in Switzerland. CARE opened its office in the Tajik capital of Dushanbe in 2002 with a staff of 200.

The project pilot-tested on- and off-farm activities to draw lessons for the implementation of ADB-financed investment projects supporting agriculture rehabilitation and rural financial systems development. The partnership between ADB and the INGOs worked well, following an initial period in which the INGOs adjusted to ADB procedures in matters such as procurement and disbursement. However, the relationship between the government and INGOs was characterized by conflict over the life of the project, which led to delays. In the end, however, there was improved understanding of the government's regulatory and supervisory role, and an appreciation of what INGOs could offer.

Hundreds of women's and farmers' groups were formed to create structures for securing credit financed under the JFPR

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grant. An evaluation determined that the project was *highly efficient* in delivering its positive outcomes. Numerous families escaped poverty in the five project districts, and many more women became involved in the village economy. Their small businesses also brought social benefits in the form of increased availability of locally made goods.

The evaluation also determined that the project was *most likely* to be sustainable. Credit activities were transferred to formal microfinance institutions established by the INGOs: AKF's First Microfinance Bank and HUMO Micro Lending Fund, which evolved from CARE International's microcredit unit. Today, they are among the country's five largest microfinance institutions. In addition, AKF and CARE International were recognized for doing an exceptional job in several aspects of project management including fiduciary activities, monitoring and evaluation, day-to-day implementation, and problem solving.

A special evaluation study of JFPR found that a key reason for the program's success was that "implementation through or contracted to NGOs that are highly motivated and close to their communities." The study also noted that a key lesson learned from JFPR implementation is that NGOs "are particularly valuable in their ability to respond to local needs and for their knowledge of and relationship with local communities." On the other hand, it also observed that NGOs could contribute to implementation delays because of their unfamiliarity with ADB procedures, and because grassroots NGOs often could not support immediate financial requirements because of their limited financial liquidity.<sup>7</sup>

An ADB grant enabled a New Delhi-based NGO to train women from low-income communities to generate earnings from recycling solid waste and using the recycled and reprocessed material to produce finished goods

<sup>7</sup> ADB. 2007. *Special Evaluation Study of ADB's Japan Funds: Japan Fund for Poverty Reduction, Japan Special Fund, and Japan Scholarship Program Summary Report*. Manila. September.

