

From assistance to business—from support to collaboration <Part 1>

Introduction

In development assistance to support developing countries, various efforts have been made to ensure that effective assistance reaches directly to the poor who need the most support. Development assistance activities aiming for sustainable and self-reliant development after cooperation activities finishes are also pursued.

One example is the establishment of microcredit such as the Grameen Bank in Bangladesh which provides small lending to the poor without collateral. Fair trade to guarantee appropriate prices for products secures and generates employment for production and distribution of the products. There is also the Bottom of the Economics Pyramid (BOP) businesses that target BOP poor, generating local employment and improving their livelihoods.

Through this form of direct reach-out assistance, stakeholders can build “win-win” relationships that serve everybody’s interests. This in turn creates incentives for those who are recipients of the assistance, leading to effective human resource development and their subsequent self-reliance.

On the other hand, in the case of technical cooperation by official development cooperation agencies, the main counterparts are often the recipient government agencies. This often creates a situation where the government agency perceives development assistance projects as “extra work”. We therefore often struggle to see how we can provide incentives for our project’s work, encourage active participation in the project, and ensure sustainability of activities after the project support ends. One thing we could do is to introduce business principles in local operations rather than providing

time-bound assistance. In this way, monetary benefits can accrue to the counterparts depending on their degree of effort, which will change the way the counterparts work on a project.

This kind of thinking and methodology is not only useful for assistance in developing countries, but is also applicable to our support for Japan’s agriculture. For instance, in supporting Japan’s agriculture, it is necessary to encourage the “fair trade” thinking to establish appropriate prices between producers and consumers in the effort to support Japan’s farmers who are troubled by sharp increases in production costs and low prices for agricultural products.

In addition, as has been discussed earlier, there is no doubt that business and management in agriculture, including marketing, is becoming increasingly important. Business is originally a means to achieve objectives. Certainly, it is necessary to have an economic foundation for sustaining activities. However, business should not be perceived as equal to profit making. It is important to see a value in maintaining and conducting farming activities in their own right.

There is a type of business person such as a “social entrepreneur” who would combine the idea of contributing to society and business for profit making. It is becoming increasingly necessary to explore a new business model as a means for solving social issues. Such a business would pursue not only economic return but social return, based on the philosophy that business can solve many of the problems in our society. This new series will introduce a number of cases and ideas in the following table both in Japan and abroad and will examine the direction and feasibility of each idea.

Table: Case studies in this series

Classification	Target Area/Country	Contents
Domestic	Ushimado, Okayama Prefecture	Introduction of new vegetables and marketing
Domestic	Nanairo Farm, Kanagawa Prefecture	How to realize the 6th industry development / Fair trade for domestic agriculture in Japan
Overseas	Africa	Exploration of business opportunities through collaboration with the ex JICA participants
Overseas	Syria	Establishment of an irrigation facility service company
Overseas	Middle Eastern oil states (UAE and Oman)	Exploration for non-ODA AAI’s own activities