



South America

Pillars of Aid Projects Emphasizing Five Priority Issues

There are many South American countries that have achieved remarkable economic growth. However, those countries still face various problems such as income and regional disparities, deterioration of the environment and public safety. Therefore, financial, technical, and personnel assistance are still required for the socioeconomic development of the region.

JICA has been carrying out projects focusing on the following issues.

1. Development of an investment environment with due consideration given to the role of the private sector
2. Response to various urban problems (poverty in urban areas and the environment, etc.)
3. Proper management of underground resources, maintaining and improving food producing capacity, and conservation of the natural environment
4. Promotion of intra-regional cooperation and response to inter-regional integration
5. Collaboration with Ethnic Japanese (NIKKEI) Communities

Current State of Development

Many countries in South America have achieved high economic growth. Argentina, Brazil, Chile, Uruguay, and Venezuela are ranked as upper middle-income countries (UMICs), and Bolivia, Colombia, Ecuador, Paraguay, and Peru as lower middle-income countries (LMICs), according to the Development Assistance Committee (DAC)* List of Aid Recipients.

Even those countries with high levels of growth, however, are facing problems, including insufficient investment in infrastructure, income and regional disparities, and deterioration of the environment as a result of economic growth, as well as issues involving drugs and public safety. Therefore, they are still in need of financial, technical, and personnel assistance.

Characteristics of South American countries are summarized in the following five points.

1. As privatization progresses, the private sector plays an important role.
2. The existence of international cities (e.g. Sao Paulo in

Brazil and Buenos Aires in Argentina) poses problems such as urban poverty and environmental pollution.

3. Regional cooperation in Latin America is being carried out by such countries as Argentina, Brazil, and Chile, and regional integration (e.g. Mercado Común del Sur: MERCOSUR*, which is a regional customs union formed by Argentina, Brazil, Paraguay, and Uruguay) are in progress.
4. South America is an important resource and food production region not only for the Japanese but also for the entire world. The region is also home to a valuable ecosystem.
5. There are many immigrants from Japan and people with Japanese ancestry (according to the statistics of the Ministry of Foreign Affairs in 2002, the population of Japanese ancestry in Brazil is about 1.3 million, which accounts for 51.2% of all non-Japan residents of Japanese ancestry in the world), and they contribute to the regional development, and the cultivation of friendship and a trust-relationship with Japan.

Addressing Priority Issues in JICA Programs

Based on the characteristics mentioned above, JICA programs in South America concentrate on the following issues.

Development of an Investment Environment with Due Consideration Given to the Role of the Private Sector

JICA projects in this region have the objective of contributing to the promotion of intra- as well as inter-regional exports and investments. Those projects were associated with studies on economic development, industry promotion, regional development, comprehensive planning on the development of infrastructure, etc. (master plan study), and feasibility analysis for specific individual development projects (feasibility study). The following are some project examples.

- Argentina: economic development study
- Chile: the study for promotion of investments and exports for balanced economic development
- Paraguay: economic development study
- Venezuela: study on promotion of small and medium enterprises

The results of these studies (final reports, etc.) will be pub-

licized broadly to Japanese private corporations in the future so that they will be used for the promotion of economic activities between Japan and South American countries at the private level. JICA will also examine the possibility of dispatching experts and accepting technical training participants in fields where the transfer of Japan's knowledge, technologies, and know-how are still required.

Response to Urban Problems

The following assistance is provided to large cities in South America to deal with serious air pollution, water contamination, waste treatment, and increasing poverty in urban areas.

- Argentina: strategic action plan for the sustainable environmental management of an urban-industrial area in complete scale
- Brazil: research on air and water contamination in Sao Paulo, technical guidance for industrial waste treatment
- Brazil: health care education to improve the living environment of slum dwellers

- Paraguay: installation of solid waste treatment facilities and staff training for those facilities

Proper Management of Underground Resources, Maintaining and Improving Food Producing Capacity, and Conservation of the Natural Environment

South America is endowed with rich mineral resources and the world-famous Amazon rain forest. It is also the world's leading breadbasket; regions like the Cerrado (Brazil) and the Pampa (Argentina) contribute to the world's stable food supply.

Based on the above, JICA provides cooperation in the survey and search for mineral resources and assistance in responding to mining pollution in the heart of such abundant mineral resources.

Cooperative research and studies with various affiliated institutions in Brazil on the conservation of the Amazon rain forest are conducted. Moreover, cooperation in conservation of the precious ecosystem of the Galápagos Islands is now under way.

Furthermore, in order to maintain and improve food productivity, technical guidance and pilot projects regarding the agricultural development in the Cerrado have been carried out.

In view of the serious damage caused by the ozone hole in the southern part of South America in recent years, we are assisting with observations of the ozone layer, impact studies

of ultraviolet rays, and the replacement of ozone depleting substances.

Major cooperation carried out so far is as follows:

- Argentina: prevention of the ozone hole (ozone depletion) (observation of the ozone layer, assessment of impact on ecology, technology of hydro chlorofluorocarbon)
- Brazil: conservation of the Amazon rain forest ecosystems (research on Amazon forests, recovery plans for degraded land)
- Brazil: production of soybeans and grains (implementation of various projects for the agricultural development in the Cerrado region)
- Ecuador: Sustainable Development of the Galápagos Marine Reserve (conservation of marine and land ecosystems)
- Many countries in South America: development of mineral resources (dispatch of experts, technical cooperation projects, development studies)

Promotion of Intra-regional Cooperation and Response to Regional Integration

In South America, relatively developed countries as Argentina, Brazil, and Chile have long conducted independent interregional cooperation. Japan has concluded Partnership Programs (PP)* with these three countries under the principle of providing cooperation as equal partners to other developing



A third-country expert, who is an Argentinean of Japanese ancestry (far right), gives instructions at the National Institute of Technology and Standardization in Paraguay

countries in South America. JICA has extended various forms of joint projects such as dispatch of third-country experts*, acceptance of technical training participants in those countries, project-type cooperation, etc. Also, in order to further promote PP, surveys are conducted in countries of the region to formulate technical cooperation projects actively.

Moreover, for the purpose of promoting and coordinat-

ing Japan's region-wide cooperation, JICA dispatches experts to MERCOSUR, a regional customs union formed by Argentina, Brazil, Paraguay, and Uruguay. In this way, JICA is assisting the smooth implementation of the Study on Improvement of Packaging Technology for Merchandise Distribution in MERCOSUR, which Japan plans to launch. Japan is studying possibilities of further cooperation.

Front Line

● Brazil Cooperation in the Amazon Region

Balance between Environmental Conservation and Development

Individual Technical Cooperation Program, Technical Cooperation Project, Development Study

Continuously disappearing forests

The Amazon forest, the world's largest tropical rain forest, is being rapidly destroyed. In the Amazon region in Brazil, in particular, approximately 17,000km² of rain forest, or eight times the size of the Tokyo Metropolitan area, has been disappearing every year and the rate never decreases. The dwindling forests are mostly attributed to slash and burn agriculture carried out by newly-settled landless farmers and illegal logging, which is related to poverty in the northern and northeastern regions of Brazil. Regulations by government and public projects are not effective in solving these problems in the Amazon region, which is 14 times the size of Japan. Projects led by and beneficial to residents, which integrate environmental conservation and sustainable development*/increase in income in rural areas, are called for.

Under the concept of active promotion of agroforestry, JICA is conducting research into afforestation techniques on degraded land with the National Institute of Amazon Research. JICA is also conducting research into cultivation of tropical fruits, which are specialty crops in the Amazon region, with the Brazilian Agricultural Research Corporation (EMBRAPA). The cooperation of the latter, in particular, is conducted in close collaboration with farmers of Japanese



An expert giving instructions to make furniture from the flooded timber of the Amazon

ancestry who immigrated in this region and contributed to the establishment of agriculture and are now practicing the agroforestry that is the subject of high global interest.

Cut the vicious circle

In addition to agroforestry, JICA is working on research into breeding Pirarucu, the world largest freshwater fish, with support from Kagoshima Aquarium. Pirarucu is a valuable source of protein for the local people, but is also in danger of extinction. JICA also provides technical support in furniture production in order to effectively add values to timber such as controlled logging and

fallen or discarded timber (with cooperation from Oak Village Inc.). In agricultural produce processing and distribution, in collaboration with a local NGO, JICA works to create a model to cut out the vicious circle that starts from slash and burn agriculture, goes through low production, abandonment, and urban concentration, and results in slums/pollution. Paper making from plants is also being promoted with the local NGO.

To disseminate the results of these projects, master plans to rehabilitate degraded lands and feasibility studies for commercialization are under consideration now.

(JICA Brazil Office)

■ Collaboration with Ethnic Japanese (NIKKEI) Communities

JICA has implemented projects in collaboration with ethnic Japanese (NIKKEI) communities, for example, in the form of dispatching Brazilian experts of Japanese ancestry to Bolivia for technical guidance. In pursuit of more effective and efficient implementation of projects through the promotion of international collaboration with the ethnic Japanese society made of more than 1.45 million South Americans of Japanese ancestry, JICA conducts field studies and domestic discussions, which will become the guideline of the implementation of such international cooperation.



Japan-Chile Partnership Program (JCPP) Seminar

Front Line

● Argentina Package of Emergency Measures for Crisis

Support Economic Development and Social Development

Aid Efficiency Promotion Activities, On-site Development Study, Individual Technical Cooperation Program

Development of the crisis

The Argentine economy faced a crisis starting in the latter half of 1998, and social conditions deteriorated due to an increased unemployment rate and poverty. It developed into an economic, political, and social crisis, the so-called “Argentine Crisis,” which resulted in the removal of the president and the establishment of an interim government in December 2001. However, the unplanned actions of the interim government, such as pronouncement of suspension of payments on the foreign debt, and the devaluation of the Argentine peso due to the abolishment of the fixed exchange rate regime aggravated the confusion of the economy and in 2002 the country reported negative 10.9% of GDP growth, 21.5% of unemployment rate (May) and 57.5% of the rate of poverty group (October).

JICA’s response

In response, in August 2002 JICA proposed a package of assistance in

economic development and social development titled Package of Emergency Measures for the Argentine Crisis.

As assistance in economic development, JICA carried out a basic study for the promotion of small and medium-scale enterprises and the expansion of export, both of which are regarded as priority issues to overcome the crisis. Specifically, The Study on Selected Productive Clusters (Forestry/Forest products, IT, non-metalliferous minerals), the Study on Updating of the Study of the Economic Development of the Argentine Republic-the Second Study, conducted by JICA formerly, and a study of the Business Development Survey, were commissioned to local consultants and research institutions and implemented with help of Japanese experts. As assistance in social development, JICA carries out pilot projects to aid the socially vulnerable in cooperation with NGOs, and conducts a study on decentralization of public services in the areas of health care and education.



A lecture on the Package of Emergency Measures for the Argentine Crisis

Further aid for Argentina

The study reports of the Package of Emergency Measures for the Argentine Crisis contain analyses of current conditions and policy recommendations and provides solutions for overcoming the crisis to both private and public sectors, and at the same time serves as important information when Japan and the government newly formed in May 2003 discuss the future direction of assistance. Moreover, implementing pilot projects has made it possible to directly support the poverty group which is most seriously affected by the economic crisis.

(JICA Argentina Office)