South America

Projects Emphasizing Five Priority Issues

In South America, democratic politics are rooted and the privatization of public projects and trade liberalization have been pushed forward. Due to similarities in history, culture, language, and social backgrounds in the region, movements toward regional cooperation and economic integration are also prominent. However, some countries have achieved a relatively high economic standard, while others record income per capita of less than 1,500 US dollars. Consequently, there exist notable intra-regional disparities in the region. Furthermore, even those countries with high economic standards have poverty issues such as serious income and regional disparities. Such issues of poverty and income disparities within the region contribute to political and economic instability, social disorder involving drugs and public security, and environmental issues. Therefore, solving these problems is a priority for each South American government, and at the same time these issues require international assistance.

The magnitude of natural resources, food supply capacity, and economic scale in this region imply the possibility that its serious political, economic, and environmental issues may affect the international economy and the environment on a global scale. The economic crisis that erupted in Brazil and Argentina is a recent example of such a correlation. It is also obvious from the fact that the rapid deforestation of the Amazon draws international attention.

JICA carries out projects emphasizing the following five priority issues in order to realize harmonious and sustainable development encompassing the whole region with the aim of correcting domestic and intra-regional disparities.

1. Development of an investment environment with due consideration given to the role of the private sector
2. Response to poverty issues, regional disparities, and environmental issues
3. Support for proper management of natural resources, maintaining and improving food producing capacity
4. Response to regional integration and promotion of intra-regional cooperation
5. Active collaboration with ethnic Japanese (NIKKEI) communities
Current State of Development

In South America, there are countries with relatively high economic standards and others with low economic standards. Brazil, Chile, Argentina, 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 List of Aid Recipients of Development Assistance Committee (DAC)*, Organization for Economic Co-operation and Development (OECD).

Even those countries with high levels of growth, however, are facing problems, including insufficient investment in infrastructure*, widening income and regional disparities, and a deteriorating 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 for economic and social development.

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

1. Progress of privatization

In South America, starting in the 1980s, democratization and decentralization were promoted at the political level, while privatization and trade liberalization were promoted as reforms at the economic level. As a result, the region recorded satisfactory economic growth in general until the middle of the 1990s. Around 1998, growth slowed and privatization in the region stagnated following the eruption of the economic crises in Brazil and Argentina. However, many industrial fields, which had previously been managed as governmental projects, came under the control of private companies.

What symbolizes these movements are projects implemented in cooperation between Japan and Brazil as joint national projects between the government and the private sector in areas such as steel, papermaking, aluminum refining, and alumina production. These industries have been completely transformed from public to private enterprises, all of which are now contributing to economic development as leading production projects in Brazil.

2. Economic development, income and regional disparities, and environmental destruction and contamination

Brazil promptly ended the crisis of the late 1990s, and the new administration that came to power in 2003 gained the confidence of the international community with its determined economic management. In addition to longstanding issues such as tax and pension reforms, eradication of hunger and measures against poverty have been addressed as priority issues. Behind this is the fact that domestic regional and income disparities were not corrected during the period of favorable economic growth. In addition, although school enrollment improved drastically during the eight years of the previous administration, which implemented social policies with due consideration given to the poverty group, the sluggish economy most affected the poverty group, thus raising social dissatisfaction.

Similar situations are seen in other countries in the region. Many governments placed a priority on poverty reduction as they are affected by an increasing sentiment against privatization and a stronger power base supported by the poor.

In particular, the government of Venezuela, which took power radically in 1999 highlighting its focus on the poor, has seen a deteriorating relationship with opposition elements such as entrepreneurs and the wealthy, resulting in social and economic upheaval.

Bolivia, with strong help from the donor* community, implements measures against poverty in line with the Poverty Reduction Strategy Papers (PRSP)*. However, with no marked improvement observed, dissatisfaction with the conversion policy of coca plantation and the natural gas export plan to the US ignited anti-government demonstrations that resulted in bloodshed. This turmoil lead to the collapse of the administration in October 2003. There is still concern over the resurgence of anti-government extremism depending on the response of the new government.

The opposition movement against the introduction of a dollar economy caused a change of power in Ecuador in January 2000. The government that took power implemented economic policies along IMF policy lines, but failed to gain the support of the poor and lost the election. In January 2003, the current government was formed with the support of the poor and groups of indigenous people.

Argentina, a country that had enjoyed wealth with abundant natural resources and agricultural products, now found itself in a position where 50% of its total population was living under the poverty line due to the economic crisis. Social policies and expansion of employment are needed now more than ever. Since it was tied to prioritizing domestic issues, the country fell behind in its debt payments. The country is still dependent on export growth to regain economic vitality, and is experiencing difficulty restoring confidence from the international community.

Even in Chile, the country with the most favorable economic growth in South America, the response to regional disparities is regarded as a major task. The Valparaiso IT Center
Plan, for which JICA has been requested to provide support, is being promoted as a regional development policy to bring about the concentration of IT industries in Valparaiso, which is suffering under an economic recession.

Based on the recognition that anti-government protests will not end unless poverty issues are resolved, Colombia and Peru address poverty reduction as a priority issue. In addition, it is said that the number of displaced persons in Colombia exceeds 2.2 million. They fled to Ecuador, Panama, and Venezuela. Measures for displaced persons are of great importance from the perspective of peacebuilding and assuring human security*.

One of the problems caused by poverty and economic growth is environmental degradation. Slums formed in cities generate waste problems and pollution of water sources. Although immigration programs for sending landless farmers into the Brazilian Amazon are implemented on the scale of several tens of thousands of families every year, some abandon their land when they can’t sustain their farms and the land is sold and converted to ranches or soybean fields. Though this policy contributes to greater food production, it also contributes to the disappearance of forests, which form a valuable ecosystem for the entire world, at a rate of around 20,000 km² per year.

3. Regional economic integration and intra-regional cooperation

MERCOSUR* (Mercado Común del Sur) has been markedly promoted by the establishment of the new government in Brazil. Peru joined as an associate member in August 2003, and a Free Trade Agreement (FTA) was concluded with the Andes Community in December 2003. A framework agreement in view of future signing of the FTA was concluded with India in June 2003. In November 2003, it was agreed to conclude negotiations for an EU-MERCOSUR Association Agreement (including economic and social cooperation in addition to FTA) by October 2004.

The four full members of MERCOSUR are Brazil, Argentina, Paraguay, and Uruguay, which altogether have a population of 210 million people and an economy worth 804.9 billion US dollars (gross domestic product: GDP value in 2001), excluding associate members Chile, Bolivia, and Peru.

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Front Line

Support for Improvement of the Lives of Indigenous People

Livestock Support for Aymara

Japan Overseas Cooperation Volunteers

Activity in cooperation with a local NGO

Ayoayo Village is situated in the Andes at a height of 4,000m above sea level. Here a Bolivian indigenous group, the Aymara, resides. A Japan Overseas Cooperation Volunteer (JOCV) has been dispatched there to study the residents’ needs and help improve their livelihood. Due to the unique climate in Ayoayo Village, people cultivate land for subsistence crops only, and their cash income mostly relies on livestock such as sheep, cows, pigs, and llamas. In the village, a factory started operating to produce cheese and yogurt from cow’s milk in 2003. However, the indigenous people had no concept of working in an organization, and the sustainable operation of the factory was at risk. Under such circumstances, the JOCV happened to meet a local NGO who had been working in Ayoayo Village and joint support for diary farmers and the factory started.

Together with the NGO, the JOCV started various activities: enhancement of the structure of the Association of Dairy Farmers, training for diary farmers and workers of the dairy product processing factory, support for distribution of dairy products, etc. At the same time, the JOCV encouraged the NGO to incorporate plans and assessment of the projects into these cooperation activities.

Find out the true needs of the residents

People of Aymara are said to be generally reserved around strangers. However, by patiently participating in their meetings and wholeheartedly explaining the activities, the JOCV gradually broke down these barriers, and now both men and women welcome her into their circles. This breakthrough established the basis for carrying out activities, by finding out their true needs.

One of the goals of this support is to make it possible for the local people to operate the dairy product processing factory themselves and for the people of the Ayoayo Village to earn a stable cash income. To foster human resources who can develop the village on their own with confidence gained through the successful management of the factory is another goal. There are still a number of difficulties that must be overcome to achieve these goals. Nevertheless, while studying together with the aunties and uncles of the dairy farms and the workers of the factory, the JOCV is making efforts to grow together.

(JICA Bolivia Office)
When the five countries in the Andes Community—Columbia, Bolivia, Peru, Ecuador, and Venezuela—are added, it will make an economic zone with a population of 320 million and a GDP of over one trillion US dollars. Chile, whose economic liberalization policy is far more advanced than that of MERCOSUR or the Andes Community, independently promotes the conclusion of the FTA with the US, EU and Republic of Korea. As a region, negotiations have been ongoing towards concluding the Free Trade Area of the Americas (FTAA) to unite the North American Free Trade Area (NAFTA) by 2005.

With a common history, culture, language, and social background, movements toward economic integration proceed rapidly in this region, and inter-regional exchange and cooperation projects (South-South cooperation*) are being actively carried out. Since technology-absorbing capacity and motivation to implement support are high in this region, the results of bilateral cooperation have been effectively utilized to cooperation among developing countries (South-South cooperation). Japan has made efforts in South-South cooperation within the region by concluding agreements on the Partnership Program* (to provide assistance collaboratively to other developing countries) with Chile, Argentina, and Brazil, while implementing cooperation projects for other regions such as African countries and Timor-Leste.

4. Supply base of food and resources

South America is endowed with abundant resources such as petroleum in Venezuela, iron ore and aluminum in Brazil, and copper in Chile, and has an expandable food production and supply capacity. This economic zone assumes an important role in the international economy. This region is crucial for Japan, which relies on overseas resources and food. This region has adopted a nuclear-free policy and it has the same direction as the peace policy of Japan.

However, its economic relationship with Japan has attenuated in recent years, whereas its ties with China, India, and Republic of Korea have become closer in terms of both trade and investment. In particular, the surging export of resources and food to China is significant as a driving force in the economic recovery of South America, which was previously in stagnation.

As far as food issues are concerned, without the success of the Japan-Brazil Agricultural Development Cooperation Programs in Brazil’s Cerrado Region over the past 23 years, the Cerrado Region would have never become a worldwide food supply base, and the world’s agricultural production would have failed to meet the surge in food demand in China, bringing about a rapid rise in food prices.

5. Ethnic Japanese (NIKKEI)’s contribution

The emigration of Japanese people to South America started more than 100 years ago, and post-war immigration has taken place for more than 50 years. Immigrants from Japan and people with Japanese ancestry have established a solid position as reliable members of the local society. Many agricultural immigrants, through strenuous efforts and seemingly interminable experiments, introduced new crops and developed breeding and cultivation techniques for proper variety. A number of crops were introduced by Japanese immigrants, including vegetables, grains, fruits, hemp, and sesame. Internationally prominent techniques such as the no-till farming technique for soybeans in Paraguay, and agro-forestry technology in the Amazon were developed by Japanese immigrants. Various Japanese agricultural cooperatives were established and grew into models for others to follow. In the area of health and medical care services, many people with Japanese ancestry become doctors, nurses, and dentists and Japanese organizations run hospitals and clinics, contributing to improved regional medical services. Many prominent individuals succeed in the legal and commercial areas as well. Ethnic Japanese are trusted in various fields and various regions, contributing to the feeling of a strong affinity toward Japan and enhancing friendly relationships between Japan and the countries to which Japanese people have emigrated.

The population of ethnic Japanese in Latin America is currently estimated at 1.45 million. Brazil, the most populous country in the region, has the highest population of ethnic Japanese, about 1.3 million, which isn’t even 1% of the total population of the country. 15% of the students and 7 to 8% of the professors and teachers of Sao Paulo University, the most competitive university in Brazil, are said to be of Japanese ancestry, indicating that ethnic Japanese place strong emphasis on education. Many people have studied or been trained in Japan, and human resources with an interest in participating in international cooperation activities are abundant.

On the other hand, due to the recession of the regional economy, the number of guest workers in Japan is still high, generating serious issues involving education for dependent children, juvenile delinquency, and social adjustment after returning to their home country. Our task is to find solutions to these issues that involve both countries: Japan and the home country of those of Japanese ancestry.
Addressing Priority Issues in JICA Programs

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

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

With the objective of contributing to the promotion of intra- as well as inter-regional trading and investments, JICA has extended assistance associated with studies on economic development, industry promotion, regional development, comprehensive planning on the development of infrastructure, etc. (master plan study), and a feasibility analysis for specific individual development projects (feasibility study).

Based on these propositions, Japanese knowledge and technologies have been transferred by experts and senior volunteers, emphasizing human resources development in priority development areas. In order to facilitate economic exchange at the private level between Japan and South American countries, JICA has contributed study reports and related information to economic organizations in Japan. In this field, the following support has been provided.

- Venezuela: support for a registration and development system of management consultants for small and medium-scale enterprises
- Chile: study in support of the establishment of the Valparaiso IT Center
- Paraguay: human resources development plan for revitalization of small and medium-scale enterprises
- Argentina: preliminary study in support of vitalization plan of small and medium-scale enterprises, dispatch of senior volunteers in the areas of business management, IT, small and medium-scale enterprises
- Brazil: trade promotion

Front Line

Chile

Assistance for the Sale of Woolen Products of Women’s Group

Vitalize Traditional Hand Knitted Chiloe

Japan Overseas Cooperation Volunteers

Poor sales of traditional woolen products

Chile, bordered on one side by the Pacific Ocean and the Andes on the other, stretches over 4,300km from north to south: from the Atacama in the north to the Patagonia region in the south. A Japan Overseas Cooperation Volunteer (JOCV) has been dispatched to the city office of the tenth province of Chile, Chiloe Island. Quellon City, where the city office is located, is a fishing town with a population of 22,000, and is also a region of agriculture and livestock farming with over 10,000 sheep. Being endowed with rich fishing grounds and salmon farming, the majority of the workforce is engaged in fishery.

A number of tourists visit Chiloe Island from other cities and overseas during the tourist season in the summer, which is a prime time for selling artifacts. Winter accounts for half of the year accompanied by long cold rains and bitter cold. In the winter, when outdoor work is limited, housewives spend days indoors knitting the wool that was sheared during the summer.

In order to support local products, a store was built at the initiative of the local administration 10 years ago. However, the business environment surrounding the woolen products is now more complex than it was then. High quality machine-knit products are on the market at low prices and inexpensive foreign woolen products are imported from Peru and Bolivia. The traditional Chiloe products are forced to compete with these products, and sales are sluggish.

JOCV activities created on their own

To counter this situation, the JOCV drew up an assistance plan to renew recognition of the traditional woolen products and to boost sales. It comprises four steps. The first is to record production sites of the woolen products, followed by the design of advertising materials to publicize the activities of the group. The third is to provide women’s groups with Internet courses at the city office so that they can transmit and collect information. Finally, they conduct door-to-door sales of woolen products to local companies, factories, and schools, besides selling them to tourists.

The work of the JOCV’s first year was limited to a supporting role for the colleagues of the city office. He began to doubt his personal value at the workplace. With a sense of worthlessness, he spent many days questioning what he could and should do. He never stopped visiting houses and talking to the people. In the end, the people began to realize the significance of his work. Currently, he is tackling each of the issues based on the assistance plan with confidence.

(JICA Chile Office)
In South America, poverty deeply rooted in underdevelopment and issues involving indigenous people coexist with newly emerging poverty caused by the economic crisis and wider disparities that accompany economic growth. Therefore, various efforts in cooperation with related organizations and persons such as central and local governments and civil organizations are needed. Due to decentralization and the vulnerability of governmental institutions, cooperation with civil organizations is of particular importance. With consideration given to this point, the following support has been introduced to address disparities and poverty issues.

- Bolivia: project for strengthening health networks focusing on maternal and child health
- Paraguay: project for strengthening continuing education in nursing and midwifery in the south
- Ecuador: study on development for reactivation of productivity and poverty reduction in the central-southern region
- Venezuela: project for enhancing subsistence business management by women
- Brazil: health care education in impoverished districts
- Argentina: strengthening of civil society from the grassroots
- Chile: productivity improvement for small-scale dairy farmers

In South America, which has the world’s largest cities, the health of a large percentage of the population is endangered by serious environmental problems such as air pollution, water contamination, and waste treatment. Moreover, since this region contains the Amazon and Galapagos Islands, which attract worldwide attention, it requires urgent measures to prevent rapid deforestation and environmental destruction, which cast concerns over biological diversity* and the global environment. The following are major efforts of JICA:

- Argentina: project on establishment of control for industrial wastewater and waste, study for the environmental management of Rio Gallegos
- Uruguay: study on capacity development for water quality management in Montevideo City and the metropolitan area
- Brazil: study on management and improvement of the environmental conditions of Guanabara Bay in Rio de Janeiro
- Paraguay: water quality improvement project
- Peru: study on recuperation of the Ferrol-Chimbote Bay ecosystem
- Brazil: the Amazon forest research project, forest conservation/environment education plan in the eastern Amazon, Cerrado ecological corridor conservation project
- Argentina: natural environment conservation project in the Iguazu region
- Ecuador: project on conservation of the Galapagos Marine Reserve

In South America is endowed with rich mineral resources and is the world’s leading breadbasket; regions like the Cerrado (Brazil) and the Pampa (Argentina) greatly contribute to the world’s stable food supply.

In addition to cooperation in the survey and search for mineral resources, JICA has provided assistance in response to mining pollution in the heart of such abundant resources.

Moreover, in order to improve and maintain food productivity, JICA has conducted technical guidance and pilot projects for sustainable agricultural development in South America. The typical outcomes of such activities are seen in the transformation of the Cerrado region from barren land to the food supply base of the world through the Cerrado agricultural development and the success of Paraguay as one of the leading exporters of soybeans in the world.

Major cooperation carried out in fiscal 2003 is as follows:

- Bolivia: study on mineral exploration in the Yanipelechuco Area, the Mining Environment Research Center
- Chile: project for strengthening the institutional capacity of mining environmental management
- Brazil: strengthening agricultural technical support system to small-scale farmers in Tocantins State
- Bolivia: Technological Center on agriculture, improvement of small medium-scale dairy farm management project

In order to promote and coordinate Japan’s wide-area cooperation for MERCOSUR, which has been stimulating the region, JICA dispatched project formulation advisors* and conducted studies and coordination for an implementation framework in preparation for full-fledged implementation of the following projects:

- Study on improvement of packaging technology for merchandise distribution in MERCOSUR regional products
- Project for the promotion of tourism

In addition, support for the promotion of intra-regional cooperation, so-called South-South cooperation, has been con-
ducted in cooperation with three countries with which Japan has concluded the Partnership Program (PP), Chile, Argentina, and Brazil, utilizing the human resources and organizations of these countries. Targeting other countries in the region as well, countries outside of the region such as those in Africa, dispatch of experts, acceptance of training participants, and project-type cooperation have been provided as follows:

- JCPP (PP with Chile): aquaculture in Cuba, livestock hygiene in Bolivia
- PPJA (PP with Argentina): livestock hygiene in Paraguay and Bolivia, population census in Bolivia and Peru
- JBPP (PP with Brazil): plantation technology of tropical plants and Cassava, public hygiene services (training courses targeting Portuguese-speaking countries in Africa and Timor-Leste)

**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 the future, in pursuit of more effective and efficient implementation of projects, JICA intends to disseminate skills and experiences acquired during regional and agricultural development by Japanese immigrants to a wide area, in collaboration with organizations of Japanese ancestry that have successful records of achievement in each region of South America.

For example, training of regional medical doctors and nurses has already been provided in Peru at clinics run by a Japanese-affiliated organization with the help of the organization. This training project is in collaboration with the United States Agency for International Development (USAID), and with the participation of Japanese-Brazilian experts.

Furthermore, in the Brazilian Amazon region, Japanese Agriculture Cooperatives and local NGOs have launched activities together with Brazilian governmental institutions in order to spread agro-forestry technologies, which had been developed by farmers of Japanese ancestry, to a wide area of the region.

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**Front Line**

**Brazil**

**Building a Healthy Town**

**Establish a Regional Medical Health System**

**Technical Cooperation Project**

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**Northeastern Brazil left behind**

Although it has the eighth largest economy of the world, Brazil is said to have the largest social disparities in the world. Compared with the wealthy south, northeastern Brazil is particularly poor and falls behind in social development due to its feudalistic social structure, which was inherited from the colonial era, and a severe natural environment. In some regions the Human Development Index, which indicates overall level of development, is as low as that in the countries of the Sub-Saharan Africa. Building a Healthy Town is a project implemented in the state of Pernambuco, in northeast region of Brazil, which suffers from these circumstances.

Health is not only protected by medical services provided by hospitals, but is also determined by various influences, such as nutrition, education, employment, living environment, and security. Thus, in order to improve health, it is necessary to create a region with a healthy environment in a concerted effort between administration, local citizens, and private and civil organizations, in addition to enhancing health and medical care systems. The name of the project, Building a Healthy Town, carries this implication.

**Comprehensive approach for health**

This project supports collaboration between the administration and the residents in designing and implementing the Building a Healthy Town plans. To this end, JICA provides assistance through the training of administrative officers, encouraging citizens' participation, and organizing various activity networks so that municipalities are able to create healthy environments on their own.

Japan previously achieved improvements in health care and living standards not only through public hygiene activities using health care nurses, but also through comprehensive efforts such as life improvement projects in rural villages and enhancement of social education. Utilizing the knowledge and experience of Japan, JICA experts have provided training for administrative officers of the Planning Bureau of Pernambuco State, who manage the development projects, and for the faculty of Pernambuco Federal University, which promotes regional development in the academic area. Recognizing policy enforcement and human resources development as two tools for development, JICA provides support so that the state government and the university can participate in the activities of Building a Healthy Town, where everyone can live healthily and comfortably.

(JICA Brazil Office)