

South America



Social Unrest in the Shadow of Prosperity: Efficient and Effective Aid Addressing Each Country's Issues

The solid economic growth displayed in recent years by South America, blessed with fertile earth and abundant natural and mineral resources, has been hit by the impact of the global economic crisis. With the income gap between the haves and have-nots already large, unease among people who live in poverty and are missing the benefits of growth are inviting social tensions. The nations of South America understand the importance of poverty reduction and correcting disparities, but the specific challenges faced by each country differ are leading JICA to realize the need for aid that takes into consideration the conditions specific to each country.

Pillars of Aid

Building Stronger Relationships with Japan, on the Pillars of Efforts toward Global Issues (Climate Change Strategies), Development of Foundations for Sustainable Economic Growth, Poverty Reduction and the Correction of Disparities

South America bears the effects of its history of colonial rule by Western European nations, and even today great social disparities remain. Many nations in the region failed to control their economies in the 1980s, experiencing a "lost decade" of higher inflation rates and crippling debt. But the 1990s saw the introduction of economic reforms based on neo-liberal policies, along with privatization and deregulation, led by the International Monetary Fund (IMF) and the World Bank. Since then the entire region has enjoyed generally stable economic growth, with income levels rising in many of its countries.

Yet in the shadow of this economic growth lies social unrest, including a growing number of people living in poverty as well as greater economic disparities within the region and its countries. Recently in many countries, administrations have formed whose main supporter bases are people living in poverty, a considerable portion of the citizenry. These administrations have taken another look at neo-liberal policies. Correction of disparities within nations and the region has become a vital issue for regional stability.

South American economies depend heavily upon the production and export of primary products, and as such are greatly affected by the global economy and markets. Fostering industry, promoting trade and readying the environment for investment are all vital to sustainable growth. Improving the functioning of administration is similarly a requisite foundation for promoting people's economic activity.

Concern is now running high over global climate change, and all countries are being called into action. With its high potential for food production and with the world's largest tropical rain forest in the Amazon region, South America is a region of key importance from the policy standpoint of global climate change. In addition, a worsening of urban environmental issues continues apace with economic growth, also calling for urgent measures.

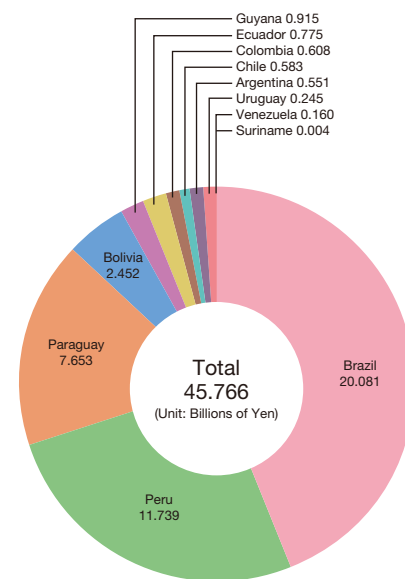
JICA has established the following as the pillars of its aid to the region: Efforts toward Global Issues (Climate Change Strategies); Development of Foundations for Sustainable Economic Growth; and Poverty Reduction and the Correction of Disparities. JICA carries out relevant programs with consideration given to regional characteristics. Emphasis is also placed on strengthening relations with Japan, focusing on the following three points:

- 1) Recognize that disparities exist within the region and within countries
- 2) Contribute to development while respecting government ownership
- 3) Spread the benefits of growth to the poorest sectors

As national economies and finances have worsened under the global economic and financial crisis of 2008, procurement of funding has become ever more challenging. The result has been a marked jump in expectation for ODA loans and a pressing need to address that demand.

Scale of JICA Projects by Country in South America (Fiscal 2008)

Composition of JICA projects for each country based on total Technical Cooperation project expenses, ODA loans (total), and Grant Aid (concluded Grant Aid including activities expedited).



* Excluding Technical Cooperation with multiple countries and international organizations.

Priority Issues and Efforts

Efforts toward Global Issues (Climate Change Strategies)

The impact of global issues such as climate change threatens South America, creating the need for a region-wide response. JICA is undertaking collaboration and the formation of cooperation programs in many countries.

Loss of forests due to illegal logging continues in the Amazon region, home of the world's largest tropical rain forest. The effect of this on climate change and ecosystems gives cause for fear, making preservation of the Amazon region a global issue. For its part, JICA places importance on cooperating toward that conservation. In Brazil, JICA contributes via the Project for Utilization of ALOS Images to Protect Brazilian Amazon and Combat against Illegal Deforestation, which makes use of images from Japan's Advanced Land Observing Satellite, also known as "Daichi." This project uses Japanese technology to analyze images even through atmospheric cloud cover, improving efficiency in monitoring forest loss to better observe and control illegal logging. (See page 105)

In the same way, the Sustainable Use of Forest Resources in Estuary Tidal Floodplains in Amapa Project implemented in Brazil employs International Training Course for Agroforestry Systems Technology to support both forest conservation and agricultural operations, with the goal of sustainable forest management and effective use of legally logged timber. JICA invited technical training participants from five Amazon region countries for third-country training in agroforestry courses and is working toward agroforestry technology as well as the development and diffusion of processing technology for harvested produce, all toward the goal of balancing forest conservation with agricultural operations.

Further, glaciers in the Andes mountain range, home to 99% of the world's tropical-region glaciers, are disappearing rapidly due to climate change. JICA has begun information collection for measures to address the impacts on water resources and risks of natural disaster facing the Andes highlands due to the loss of tropical glaciers, centered on the three nations

of Peru, Bolivia, and Ecuador.

In Peru, JICA is undertaking the Master Plan for Development of Geothermal Energy, supporting efforts toward CDM inclusion of the nation's reusable energy. In Paraguay, too, JICA is assisting CDM preparation for the ODA loan-supported Yguazu hydro-power station construction project.

Development of Foundations for Sustainable Economic Growth

With abundant resources and latent market potential, in recent years the South American region has shown solid economic growth centered on private investment. But that growth has visibly slowed under the effects of the global economic crisis. In response to the situation, expectations are high in the region for improvement of the investment climate, development of economic foundations to stimulate domestic demand and measures to fund small and medium businesses.

Recognizing correction of domestic income disparities as a major developmental issue, JICA is undertaking efforts including the following, to address the situation and reenergize regional economies:

- 1) Preparation of regional port improvement projects in Brazil
- 2) Preparation and implementation of local road improvement projects Paraguay
- 3) Preparation and implementation of the Micro, Small and Medium Enterprises Development Project (Japan's Two-Step Loan) in Colombia

Poverty Reduction and the Correction of Disparities

Measures to address poverty and the correction of disparities are an issue common to all South American countries as well as a cornerstone of each nation's governmental policy.

JICA's cooperation in low-income Paraguay and Bolivia focuses on poverty reduction. While addressing small-scale agricultural household poverty reduction in Bolivia through programs such as the Project for Rural Development in Altipalno Central and the Project of System Establishment for Implementation of Sustainable

Rural Development Phase II, from the standpoint of human security and empowerment, JICA has formed programs such as the Program of Water Supply in Area of Poverty, Program of the Quality Improvement of Primary School Education and the Program for Strengthening Community Health Networks Focusing on Maternal and Child Health, all of which support access to basic social services.

In Paraguay, JICA is working toward formation of cooperative programs to enable the synergy of three schemes: Technical Assistance, loan aid, and Grant Aid. Specifically, JICA is considering ideas to support ODA loans for water and sewer infrastructure development requiring large-scale investment in urban areas; Grant Aid for small- and medium-scale infrastructure development centered in agricultural areas; and for the water sector as a whole, Technical Assistance for the creation of water fee collection systems and creation of development plans and implementation systems.

In addition, JICA is carrying out projects to aid indigenous peoples, refugees from conflicts and other socially vulnerable persons. In Ecuador, these include the Reorganization of the Agriculture Supporting Services, Coping with Poverty Alleviation for Rural Peasants in Mountainous Area; Capacity Development for Promoting the Sustainable Integral Rural Development for Poverty Reduction in Chimborazo Province; and Strengthening of the Occupational Training for the Vulnerable Sector. In Peru, these include the Study on the Program of Rural Development for Poor Peasants and Local Capacity Strengthening in Central Highlands. In Colombia, these include the Project for the Support of Entrepreneurship and Employment for the Household of Demobilized Ex-Combatants and Recipient Communities in Colombia.

Toward mid-level-income nations such as Peru and Brazil, whose growth places it among the newly industrialized "BRICs*" nations, JICA employs highly synergistic development assistance that combines ODA loans with Technical Assistance. Through projects in Peru such as the Iquitos Sewerage Improvement and Expansion Project and the

Cajamarca Water Supply and Sewerage Improvement and Expansion Project to improve access to water and sewer services, and the Electric Frontier Expansion Project III to promote electrification in remote mountain regions, JICA is making a contribution to the correction of disparities.

Strengthening Relations with Japan

In countries with higher levels of income, government or foreign aid has a relatively lower overall economic impact, making private economic activity the cornerstone of development.

As its means of cooperating with such nations, JICA is considering promotion of trade, investment and technological development in countries, making use of the technologies and experience found within Japan's private sector, universities and research organizations.

As part of the Study for Mine Pollution Prevention Measures in Peru, JICA advises on strengthening education for organizations and people, as well as on the evaluation of mine closure plans and the drafting of mine pollution prevention strategic plans.

Measures against pollution stemming from inactive or closed mines

have become imperative in Peru, an important supplier of vital metal resources such as copper and zinc to Japan. JICA's cooperation is expected to aid development of a closer relationship between the two countries in the resource sector.

* BRICs is an acronym for four newly emerging national markets displaying marked economic growth: Brazil, Russia, India and China.

Example

Brazil Tiete River Basin Environment Improvement Project

Using ODA Loans to Improve the Flood-Prone River That Paralyzed the São Paulo Metropolitan Region

The São Paulo metropolitan area is home to 17 million people, about a tenth of the population of Brazil. It is the nation's economic center and the fifth largest city in the world. But the Tiete River running east-west through the city was prone to flooding, cutting off traffic including main roads connecting the city to Guarulhos International Airport, causing homes to submerge and of infectious disease to spread. At the same time, the city had an urgent need to secure new water supplies for its growing population. To address both flood damage and the need for water sources, soft loans enabled river improvement and the construction of dams along the main flow and some tributaries.

As the result of the improvement works, the occurrence of Tiete River flooding dropped from approximately once every two years to a predicted once every 100 years. The economic benefit of

preventing the floods is enormous: an estimated US\$215 million in averted damage to residences, factories and commercial facilities every two

years, and US\$14 million in averted losses for every three continuous days of traffic havoc.



The Tiete River that runs along the main roads connecting São Paulo's Guarulhos International Airport to the city. Frequent flooding has caused extensive damage.

Message from an Expert
**Toward a Greater Sense of
 Crisis over Natural Destruction**
 Norio Fukutome, Freelance Announcer



Norio Fukutome, a man passionately engaged in conservation activities over concern for environmental issues, visited the Amazon as a journalist in September 2007. Seeing firsthand the encroachment of pastures and soybean fields on the tropical rain forest, it was a shock to him to learn of the issue's close involvement with Japan's eating habits.

When I saw the rain forest from above, I was surprised at how far things have gone. Places that were once pastures were now soybean fields and what was once rain forest was now pasture. The reason for the growth in field and pasture area goes without saying. The world's demand for food is rising, and so is demand for soybeans in biodiesel fuel, what with rising oil prices and the necessity for global warming measures. Over 20 years ago Brazil rapidly increased production and export of sugar cane and soybeans; it puts the foreign currency earned to use in improving social services like education, health and medical services, creating growth that placed it among the BRIC nations.

Knowing this, we can't just say "don't expand your soybean fields."

A little upriver from the city of Manaus in the middle of the rain forest, there's a facility to produce edible oil from soybeans grown in the Amazon. What surprised me was that the producer is a joint-venture company with a Japanese partner, and the greatest consumers of the oil are Japan and China. And the company that develops and sells products made with the oil is a sponsor of television programs. Our lifestyles would be lost without this sort of corporate activity, yet few Japanese realize how much nature is destroyed on behalf of those lifestyles. This is a big problem.

It's significant that JICA cooperates in activities to monitor illegal logging in the Amazon tropical rain forest. As the next step, I'd like to see support for agribusiness (economic activity through agriculture) that gets by without illegal logging in the Amazon.

Example

Bolivia Water Is Health and Life Phase 2

Supporting Access to Safe Drinking Water and Economic Self-Reliance in Villages

Bolivia is one of those South American nations most lagging in the development of basic infrastructure including water and sewage. In particular, the water sufficiency ratio in farming villages, where nearly half the population lives, is a low 51%. This leads to the spread of water-borne infectious disease in the villages and population flight to cities, making the situation a factor hindering regional development.

JICA used Grant Aid to build wells in 340 locations, securing access to drinking water for 260,000 people. Thanks to the transfer of well digging technology in the process, the digging of new wells now continues under the leadership of regional administrations.

On top of this structural support, JICA offered non-structural support including the organization of water management committees under Phase 1 of Water Is Health and Life. Further, JICA supported efforts to improve cash collection in villages to enable water fee payments through the spread of livestock raising and family farming. As a result, 940 wells were constructed by the end of 2008, benefiting 970,000 people.

Phase 2 of Water Is Health and Life was initiated in 2008, yet there are disparities among provinces in the achievements of Phase 1. JICA is promoting inter-provincial cooperation to enable support from provinces with high levels of technology to those with lower levels. In addition, JICA is planning to strengthen the organization with the construction of a technical center as the focus for inter-provincial cooperation. In the future, while working to establish a training system, JICA will develop methods for easy on-site operations and maintenance management of manual well-digging equipment, wind-powered pumps, water supply facilities with solar panels, simple bio-filtration devices, solar-powered desalination devices and so on.



Using digging equipment provided by Japan to dig a well for people without access to safe water.



Water begins flowing from a well. Children are overjoyed to see water spilling like a waterfall.