

South America

Promoting Effective Aid Tailored to Each Country's Diverse Situations While Advancing Inter-Regional Partnerships

South America, gifted with fertile soil and abundant natural and mineral resources, is achieving strong economic growth spurred by the recent increases in demand and prices of resources and foods. At the same time, however, South American countries are still characterized by large disparities in both income and access to social services, resulting in many regions where large numbers of people are forced to live in poverty in the shadows of economic growth. Taking into account the specific circumstances under which each country lives, JICA addresses the issues that are considered to be priorities in

each country, and also focuses on environmental conservation of the region's resources, such as the Amazon Basin, which have a significant impact on the global environment.

Going forward, JICA will focus on extending cooperation on economic infrastructure development, global issues, and mitigating disparities, while assisting the development of countries inside and outside of the region through private sector partnerships and partnerships with countries in the region that have achieved relatively high income levels and possess advanced technology, such as Brazil.

Key Aid Strategies

Contributing to Regional Stability by Developing Economic Infrastructure, Addressing Global Issues and Mitigating Disparities

South American economies depend heavily on the production and export of primary products, which makes them extremely vulnerable to global economic and market trends. In the future, these countries will need ongoing industrial development, trade promotion, and an improved investment environment, as well as economic development that facilitates sustainable growth. It is also essential to strengthen the administrative capacities of the governments as a foundation for encouraging private sector economic activity. Moreover, there are many areas in which urban environmental problems are growing more serious due to economic growth, and these problems require an urgent response as well.

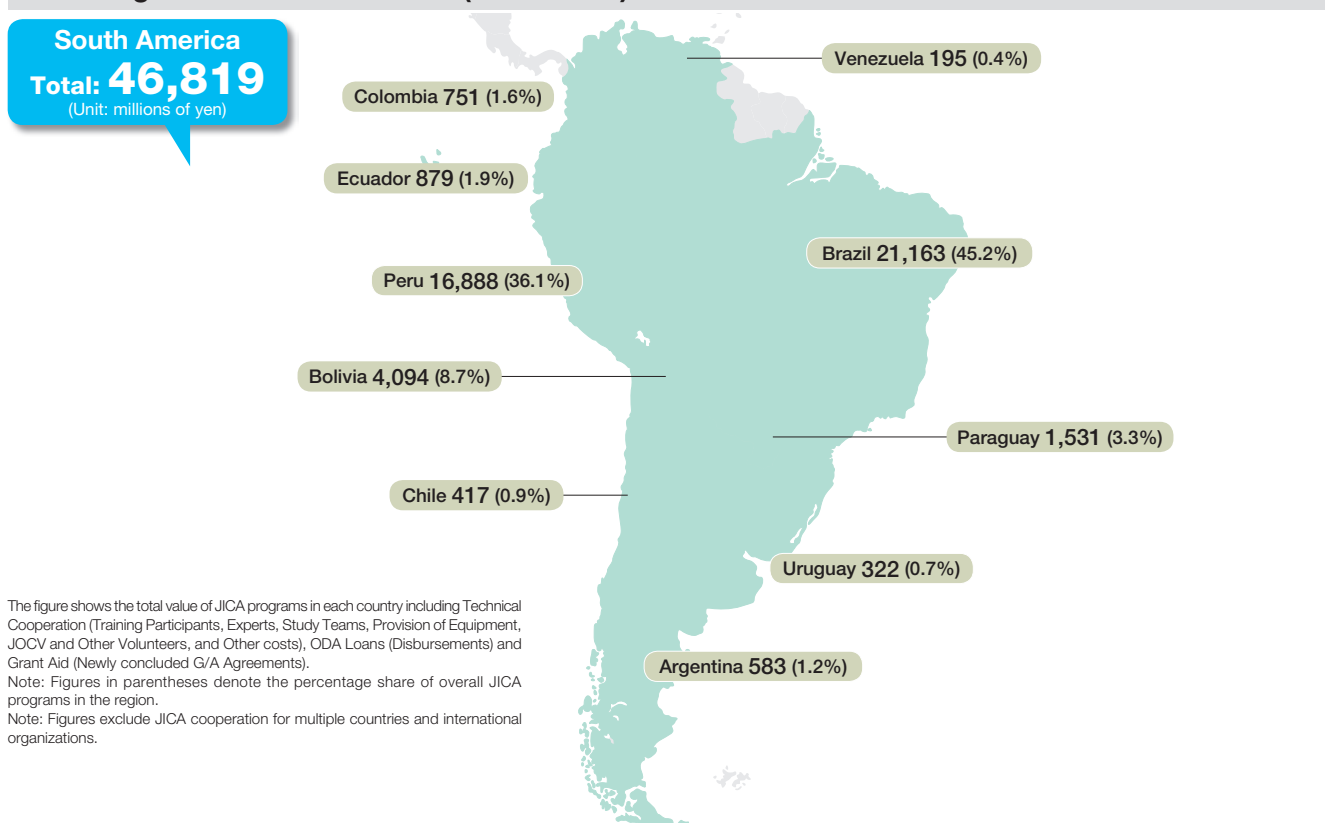
In the shadows of the strong economic growth of recent years,

there persists considerable social anxiety created by the presence of continuing economic disparities at the national and intra-regional levels. Under these circumstances, in addition to undertakings to foster economic growth, efforts are being made to mitigate disparities and stabilize the economy and society in the region.

It is important to address global issues in South America because the Amazon, the world's largest rainforest, greatly impacts global climate change, and because this area still offers significant potential for developing both agricultural land and natural resources, which are related to food and energy security.

Furthermore, South America has witnessed frequent major natural disasters in recent years, including an earthquake in Chile

JICA Programs in South America (Fiscal 2010)



The figure shows the total value of JICA programs in each country including Technical Cooperation (Training Participants, Experts, Study Teams, Provision of Equipment, JOCV and Other Volunteers, and Other costs), ODA Loans (Disbursements) and Grant Aid (Newly concluded G/A Agreements).
 Note: Figures in parentheses denote the percentage share of overall JICA programs in the region.
 Note: Figures exclude JICA cooperation for multiple countries and international organizations.



and flooding in Brazil, Colombia, and Venezuela, making disaster prevention countermeasures an important issue.

Placing a priority on utilizing this key aid strategy, JICA implements assistance taking into consideration the characteristics of the South American region and keeps the next three points in mind when carrying out cooperation programs:

- 1) Mitigating disparities both within regions and within countries
- 2) Contributing to development while maintaining respect for the ownership of the recipient countries
- 3) Ensuring that the benefits of growth are extended to the poorest segment of the population

In addition, JICA is strengthening its relationships with emerging countries such as Brazil and Argentina, where income levels have grown higher and technological capabilities have also improved compared to other countries in the region, in order to form partnerships to address development in neighboring countries and in Africa.

South America is host to a large Japanese immigrant community numbering more than 1.6 million people, and in recent years Japan has been importing more and more of its resources and food from this region. As such, the relationship between Japan and South America is likely to deepen further in future.

Priority Issues and Efforts

Building a Foundation for Sustainable Economic Growth

Blessed with abundant natural resources, South America has achieved steady economic growth in recent years, primarily driven by private-sector investment. Although the region was impacted by the global economic crisis in 2008 and by volatile prices for natural resources, the economy recovered in 2010. JICA is providing support to reinvigorate the economies of rural areas in consideration of mitigating domestic income disparities, which is an important development issue faced by various countries in the region.

In Paraguay, 87% of the roads remain unpaved, and are commonly unusable in the rainy season. This threatens the country's social safety net, as it hinders the sales channels for livestock industry, Paraguay's major industry, as well as slowing down economic activity and restricting access to schools and hospitals. JICA is implementing the Rural Road Development Project (ODA Loans) for local roads with particularly low pavement ratios.

In Bolivia, there is an increasing demand for electric power to facilitate mine development, which is an important industry for the country. The mining industry in Bolivia is also an important source of foreign investment due to the skyrocketing prices of resources around the world. Nevertheless, the power supply is tight and securing electric power is a major issue. Bolivia is striving to provide stable electricity supplies using geothermal power generation, as the

potential for thermal or hydroelectric power generation in this part of the Andes is limited. JICA is assisting Bolivia in securing electric power, which is essential for sustaining economic growth, by helping the country to realize its geothermal power plant construction plans.

In addition, JICA is considering financial assistance to improve the investment environment of South America in order to promote private sector investment, where demand is increasing in line with regional economic growth, as well as for small and medium-sized enterprises.

Addressing Global Issues

South America is affected by global issues such as climate change, but at the same time the region can have a significant impact on the resolution of such problems. Accordingly, JICA is cooperating in this field with many South American countries. In some countries with relatively advanced levels of technology, JICA pursues research cooperation together with universities and other Japanese research institutes by utilizing Japanese science and technology in order to contribute to resolving global issues.

In the Amazon region, the world's largest rainforest, deforestation is progressing due to such reasons as reckless logging, and this carries the risk of precipitating climate change and affecting ecosystems. Conservation of the Amazon region is therefore an issue of global concern, and JICA has provided ongoing assistance in this field. For instance, under the Carbon Dynamics of Amazonian Forests Project (Science and Technology Research Partnership for Sustainable Development: SATREPS) in Brazil, JICA assists in the development of quantitative assessment methods for the reduction of CO₂ that is achieved by preventing the depletion and deterioration of the Amazon rainforest. Furthermore, through the Development of an Integrated Solution related to Industrial Waste Management in the Industrial Pole of Manaus (Technical Cooperation), JICA assisted in the creation of blueprints that would allow for developing industry while at the same time conserving the natural environment in the Amazon region.

Ninety-nine per cent of the world's tropical glaciers are concentrated in the Andes Mountains of South America, and these glaciers are disappearing rapidly due to climate change. Through the Study on Impact of Glacier Retreat on Water Resource Availability for cities of La Paz and El Alto Project (SATREPS) in Bolivia, conducted jointly with Tohoku University and other partners, JICA is supporting the research and development of a water resource management model that reflects climate change and changes in the social environment in order to reduce the impacts of disappearing glaciers.

In Argentina and Chile, JICA is implementing the Project to Strengthen the Capacity to Measure the Ozone Layer and UV Radiation in Southern Patagonia and the Projection towards the Community (Technical Cooperation), which supports activities related to observing the ozone layer, and warning and educating residents about limiting the health impacts that result from ozone layer depletion.

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.

In Bolivia, which has the lowest per capita income level of any country in South America, basic social services in particular, such as education, health and medical care, and safe water, are not reaching the poor. In the water sector, for instance, JICA is implementing the Water is Health and Life project (Technical Cooperation) to assist in the development of drinking water supply facilities in villages in regions where development is lagging particularly behind, as well as to support the organization of water management committees to ensure that people can continue using sanitary water.

In Peru, where income levels have been rising due to strong economic development in recent years, with the aim of improving income levels in the mountain regions where a high ratio of people live in poverty, JICA is supporting the improvement of income levels and the mitigation of disparities by developing the agricultural industry through the incorporation of the Sierra-Natural Resources Management and Poverty Alleviation Project (I) (II) (III) (ODA Loans) with the Project for Improving Livelihood of Small-Scale Farmers in Cajamarca (Technical Cooperation). Moreover, through the Electric Frontier Expansion Project (I) (II) (III) (ODA Loans), JICA works to improve the living standards of community residents by developing power networks in rural areas with low electrification ratios [→ See the Case Study on page 69].

In Colombia, where conflict continues to entangle certain areas, JICA provides cooperation for assisting persons displaced due to conflict, people with disabilities due to landmines, surrendered

soldiers, and other victims of conflict. Under the Improvement of the Nutritional Condition of the Vulnerable People Including Internal Displaced People through Urban Agriculture Strengthening Project (Technical Cooperation), JICA is working to improve the nutritional condition of socially vulnerable people including internally displaced persons through the self-provision of vegetables by teaching agriculture in urban areas. The conflict in Colombia is complicated, making it difficult to find a clear solution. Nevertheless, JICA supports the efforts of Colombia to correct domestic disparities by implementing concrete assistance for communities that accept conflict victims and injured persons.

Strengthening Relationships with the Japanese Government and People

Aid from national governments themselves or from foreign countries has a relatively smaller impact on the overall economy in comparatively higher income countries, where private sector economic activity drives development.

In South America, Japanese private sector companies have entered the mining industry to start with in particular because of the region's rich mineral resources. The progress of these private sector economic activities will serve to promote further economic development, while also contributing to strengthening the relationships between these countries and Japan.

JICA is also supporting the adoption of Japanese style terrestrial digital broadcasting (Japan-Brazil method) in many countries of Latin America, as well as planning to establish comprehensive development programs for impoverished regions located near mines under development in Bolivia.

Case Study

Chile Project on Capacity Building to Seismic Events and Tsunamis

Towards Earthquake-resilient Nation-building with Japanese Expertise

In February 2010, a massive magnitude 8.8 earthquake struck the coast of central Chile, generating a tsunami over 30 meters high. This disaster affected two million people and left 521 people dead. JICA commenced Technical Cooperation from October 2010 with the aim of resolving the disaster preparedness issues facing the country that were exposed by the disaster. Chile possesses a high level of awareness and engineering skills, so a major focus of JICA's cooperation was placed on discussions, through which lessons were shared between Japan and Chile.

Enhancing the Soft and Hard Aspects of Disaster Preparedness

JICA has provided Chile with assistance for many years that emphasized the construction of earthquake-resistant structures. As many buildings were partially destroyed in this earthquake, JICA dispatched experts in disaster-preparedness construction assessment and

earthquake-resistance standards for bridges to Chile to assess the situation and offer advice regarding collapsed bridges and other problems.

Moreover, JICA provided cooperation to revise the issuance process and accuracy of tsunami warnings, as the system did not function properly due to damaged communications networks caused by the earthquake. Since Chile has adopted Japan's terrestrial digital broadcasting system, JICA has worked with the Japan External Trade Organization (JETRO) to create the first joint training program with the aim of introducing a Japanese early warning system in Chile.

In terms of capacity building, JICA has implemented training on the roles of the community during disasters and improving local governments' capacity to respond to disasters (emergency response, reconstruction planning, and mental health care) with the cooperation of Hyogo Prefectural and Kobe City Governments. Despite the short half-year span of this

project, JICA was able to implement prompt assistance to respond to the multifaceted needs of Chile, which will greatly complement the country's accumulated knowledge and technology. This cooperation allowed related Chilean organizations to develop ties and thus contributed to strengthening the country's unified disaster preparedness structure.



Community Disaster Preparedness Training held at JICA Hyogo. Based on this training, a disaster preparedness training week was established and local plans are beginning to take form, including disaster preparedness training plans for primary schools.

Boosting Electrification in Rural Areas through Continued Assistance

JICA has continuously supported the electrification of the rural and mountainous regions of Peru through the Electric Frontier Expansion Project (I) (II) (III). Through Phase I (1997–2008) and Phase II (1999–2006), JICA contributed to the improvement of the rural electrification rate of target regions. Through Phase III, for which an ODA Loan agreement was signed on March 2009, there are plans to develop a power transmission grid in the three regions with the country's lowest electrification rates. The implementation of Phase III is expected to provide the access to electricity to approximately 130,000 households.

Towards Mitigation of Regional Electricity Disparities

Whether for streetlamps that light dark streets at night, home appliances, or computers, electricity has become an essential element for securing a safe and affluent life. Nevertheless, large populations in developing countries have no access to electricity.

In Peru, approximately six million people, 22% of the total population, are living without electricity services. Furthermore, there are marked disparities in the electrification rate between urban and rural areas. For instance, in Lima, the electrification rate is over 90%, while it falls to a mere 32% in rural areas, where nearly 40% of the country's population lives.

Regional electrification disparities are related to regional disparities in income. In Peru, approximately 40% of the population lives in poverty, and a major portion of those people live in the mountainous regions, where the altitude is higher than 2,000 meters. In terms of per capita income, the income of the people living in the rural mountainous regions is less than half of that of people living in the urban coastal regions including Lima, demonstrating the seriousness of regional disparity in Peru.

Aiming to Improve Rural Living Standards and Vitalize Rural Economies

In the non-electrified rural regions, people rely on batteries, kerosene lamps, candles and other goods for their power sources and light, which restricts production activities. These regions also face problems such as inferior medical and education services compared to electrified regions.

Since 1993, the Government of Peru has implemented the Plan Nacional de Electrificación Rural (PNER) in order to promote the electrification of rural areas. JICA has continuously supported the PNER through the Electric Frontier Expansion Project (I) (II) (III).

Through Phase I and Phase II, for which ODA Loan agreements were signed in 1997 and 1999, respectively, JICA provided assistance to improve the living standards of residents in rural areas and vitalize local economies by

extending assistance for the development of electricity distribution lines and small-scale power grid systems in 14 target areas.

Through Phase III, for which an ODA Loan agreement was signed in 2009, JICA has supported the expansion of power lines and the development of a small-scale power grid system in the three regions with Peru's lowest electrification rates, Cajamarca, Huánuco, and Loreto.

JICA places priority on poverty reduction and disparity mitigation in its operations in

Peru. JICA expects to further develop poor regions in Peru by improving rural electrification through the implementation of Phase III, mainly targeting sierra regions where particularly high concentrations of poor people can be seen.

From the Field

Masao Hasegawa

A Consultant Involved in Phase II

This project provided residents who had been relying on oil lamps and candles for light with access to a stable power source. This not only allowed residents to improve their standard of living by installing lights and household electronics, but also for the promotion of local industry and the efficient processing of agricultural products and traditional crafts.



A rural village in the Andes Mountains where electrification development is underway.



The stable supply of electric power allows for more convenient and affluent lives.