

JICA signed Japanese ODA Loan Agreement with Peru **--Focus on sanitation in the largest city of the Peruvian Amazon--**

1. JICA (President; Sadako Ogata) signed on December 4 in Peru a Japanese ODA loan agreement with the Republic of Peru up to 6.6 billion yen for the Iquitos Sewerage Improvement and Expansion Project
2. The purpose of the project is to drain and treat sewerage, by improving and expanding sewerage system, such as treatment plants and pumping stations, sewer network and other sewer facilities in Iquitos, thereby improving sanitation and living conditions in the area. With a population of 370,000, Iquitos is the largest city in the Peruvian Amazon region and serves as the capital of Loreto Department, located in northeastern Peru. In addition to construction and expansion, the loan includes a portion for consultation services.
3. While sewage output is expected to increase as water consumption rises in the future, Iquitos lacks a sewage treatment plant and, as of 2007, only 60% of the city was connected to the sewer system. At present, not only does sewage run into the Amazon River untreated, during the rainy season, it flows back into the city with the flooding rains, creating poor sanitary conditions. With a rate of 7.5 deaths per 1000 due to acute diarrhea, Iquitos greatly exceeds the national average of 4.5, which is the reason why improving sanitary and living conditions for the public has become focused. The urgency to provide sewer facilities in the region is further prompted by the need to protect the Amazon River environment.
4. The project having the desired outcome, it will be essential that each home be promptly connected to the sewer network, that is responsible for each household user. With approximately half of the population of Iquitos indigent, financial support for hookup costs as well as an informational campaign are planned to be targeted at the poor, carried out by the public companies that provide water and sewer services.
5. Every day, some 4,500 children die around the world from cholera, typhoid fever, diarrhea, and other sanitation-related illnesses. Urgent action is being sought in developing countries such as Peru to implement sanitation measures such as providing toilets and sewage treatment.[1] To change the situation, the United Nations declared 2008 the "International Year of Sanitation," urging each nation to step up its efforts to make improvements. JICA intends to continue providing support in the field of sanitation through sewer works projects such as this project[2]

(For further details, [click here.](#))

[1] One of the Millennium Development Goals established by the United Nations is to "Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation."

[2] In June, JICA established the "Study Group for Japan's assistance in sanitation sector" to study strategies for applying sanitation-related technologies and providing assistance to deal with sanitation problems in developing countries. The Commission is currently compiling its findings in a document provisionally titled "The Guidebook for Japan's assistance in sanitation sector (provisional title)".

Reference

Loan Amount and Terms

Project Name	Amount (million yen)	Interest rate (%)		Repayment Period/ Grace period (years)	Procurement
		Project	Consulting Services		
Iquitos Sewerage Improvement and Expansion Project	6,660	0.4	0.01	15/5	General Untied

Executing Agency

Name: Public Organization for Productivity Infrastructure (Organismo Público Infraestructura para la Productividad, OPIPP), a division of the Regional Government of Loreto

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Political and Economic Conditions of Peru

With Ecuador and Columbia lying to the north, Brazil and Bolivia to the east and Chile along its southern border, Peru faces the Pacific Ocean to the west and comprises a land area of 1.29 million square kilometers (about 3.4 times the size of Japan), making it the third largest country in South America after Brazil and Argentina. By ratio of gross domestic product (GDP), the primary sector of the economy—farming, fishing and forestry—make up slightly less than 10%. The secondary sector of manufacturing, mining and construction comprises some 31%. The tertiary sector or service industry makes up the remaining 60%. Although gross national income (GNI) per capita for 2007 was USD 3,450, approximately 40% of the population is impoverished. Peru started accepting immigrants from Japan as early as in 1899, and was the first country in Latin America and the Caribbean to officially establish diplomatic relationships with Japan in June, 1873. Peru and Japan traditionally enjoy a friendly relationship.