

Signing of Japanese ODA Loan Agreement with the Republic of Peru

—The First ODA Loan for Latin America and the Caribbean to Enable Prompt Provision of Emergency Funds and Assist Rehabilitation in Case of Natural Disaster—

Today, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Republic of Peru to provide a 10 billion yen Japanese ODA loan for Stand-by Emergency Credit for Urgent Recovery (SECURE). With having this loan signed in advance, funds can be used to promptly respond to needs that arise during post-disaster recovery activities. This is JICA's first secure loan applied to Latin America and the Caribbean regions.

As a large part of the country is included in the circum-Pacific seismic zone, Peru is subject to natural disasters such as earthquakes and tsunamis. Serious damage caused by such a disaster in the capital city of Lima and its surrounding area, which contain 30 percent of the country's entire population (ca. 30 million), would be of particular concern. A major earthquake that struck Ica Region to the south of Lima in 2007 caused economic losses of \$3 billion. If the same size earthquake hit Lima, it is estimated that the total amount of damage would be \$30 billion. Peru is also subject to periodic natural disasters that accompany El Niño and La Niña, i.e., droughts, as well as floods, landslides and debris flows caused by heavy rains. In addition, the country has a higher risk of glacial lake outburst floods due to the effects of global warming in recent years. Given these circumstances, addressing disaster risks is a priority for the Government of Peru.



Signing ceremony

The Government of Peru established a policy to strengthen their disaster risk management system, and enacted the Law of the National Disaster Risk Management System (SINAGERD) in May 2011, under which the scope of administrative powers for disaster prevention and disaster responses were established for government bodies. The Government of Peru also formulated the National Disaster Risk Management Policy in November 2012, establishing priority areas, including: (1) institutionalization and development of the disaster risk management process under SINAGERD, (2) enhancement of decision-making powers for disaster prevention and disaster responses at each level of the central government, regional governments and local governments (municipalities), (3) prioritization of allocation of human, material and financial resources to conduct disaster risk management, and (4) enhancement of disaster prevention culture and disaster response capacity. The Government of Peru is also making efforts to build the national capacity for disaster risk management.

It is an objective of this loan to develop the disaster risk management capacity of the Government of Peru by supporting efforts in disaster prevention and response, in particular, for strengthening the risk management of earthquake and tsunami disasters, improving the emergency warning information transmission system for earthquakes and tsunamis, and reinforcing relevant policy actions for mainstreaming disaster prevention and risk management in public investment projects, and to support rehabilitation after natural disasters by responding to emergent financial needs, thereby contributing to immediate rehabilitation.

JICA has been supporting disaster response and management in Peru since 1970, mainly by providing grant aids and technical cooperation. At present, the Project for Enhancement of Earthquake and Tsunami Disaster Mitigation Technology in Peru (Science and Technology Research Partnership for Sustainable Development or SATREPS) and the Project for Improvement of Equipment for Disaster Risk Management (grant aid) are being implemented and each of the projects is connected to the implementation of government policy actions supported by this loan.

JICA will continue working on development issues focused on disaster risk management in Peru by enhancing a synergy among various projects and types of assistance including Japanese ODA loans, technical cooperation and grant aid.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Stand-by Emergency Credit for Urgent Recovery (SECURE)	10,000	0.01	-	40	10	General untied

2. Executing Agency

Ministerio de Economía y Finanzas
Address: Jr. Junin No. 319, Lima 1, PERU
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3. Planned Implementation Schedule

- (i) Completion of the project – with the final loan disbursement or at the end of the stand-by period
- (ii) Consulting services: consultants will not be hired.
- (iii) The provision of goods and service under competitive bidding is not expected.