



## Latin America and the Caribbean

The Latin America and Caribbean region has staged over a decade of economic reforms with assistance from the international community. As a result of this restructuring, countries in the region have adopted policies that promote financial reform, sustainable private sector development, debt amnesty, poverty reduction, and industrial and educational upgrading. In recent years, the global economic recovery and increased multilateral trade have also helped the regional economies break out of stagnancy. The region now has the highest average GDP per capita incomes of all developing nations. While incomes are growing, economic and social inequalities still exist. In fact, the wealth gap in this



region remains the largest in the world.

This income gap not only triggers social problems, but also impacts the distribution of food, education and medical resources, impairing economic growth, labor productivity, and national competitiveness. Therefore, the TaiwanICDF seeks to upgrade industrial technology in the region and strengthen the workforce quality, helping countries boost their competitiveness. Vocational education and training programs are implemented on an ongoing basis, and digital technologies are also being utilized to reduce poverty and pave the way for stable economic development within the region.

### **Fostering Agrobusiness and Agricultural Diversification**

Coffee, bananas, sugar cane, and beef

products are the traditional staples of Latin America. With the gradual end to export quotas in recent years and with competition

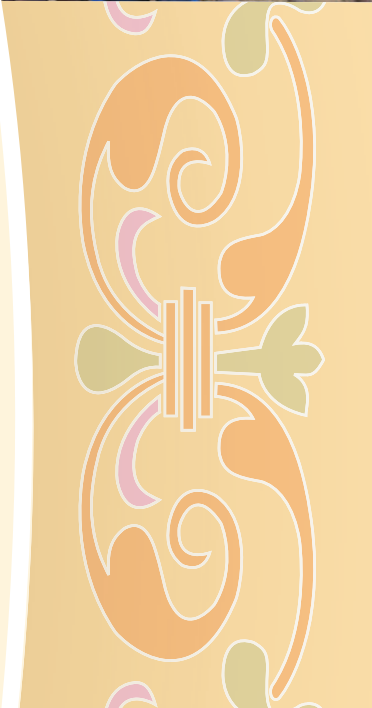
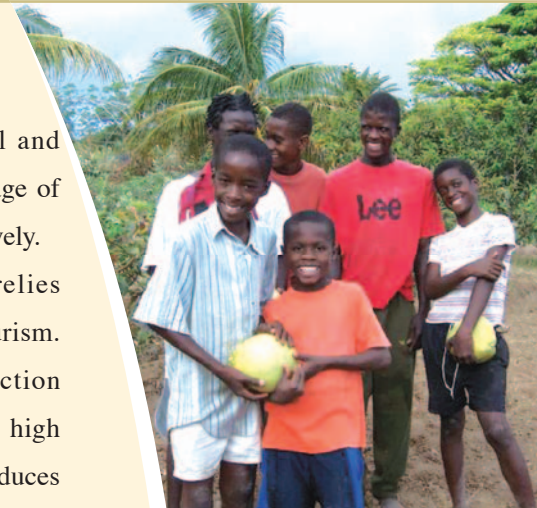
from new agricultural product exporting countries, the region has been hurt by an oversupply of coffee and other agricultural exports, thus stunting local economic growth. To prevent this situation from deteriorating further, the TaiwanICDF has implemented many agricultural projects to raise the international competitiveness of regional products. Given geographic and climatic advantages, as well as the region's proximity to North American markets, the TaiwanICDF has helped these countries diversify crops, introduce marketing functions, branch into food processing, and create agricultural enterprises. For example, technical missions in Belize, the Dominican Republic, Guatemala, Costa Rica, and Panama carry out food processing projects, providing technology and credits for local cooperatives and farmers' associations to process fruits. This approach resolves overproduction problems and raises the added value of products. In Panama, Honduras, and Paraguay, products from small farmholder have been marketed to centralized markets and supermarkets to reduce transport and marketing costs and increase income. An agricultural revitalization credit project is being staged in Nicaragua in cooperation with the IDB to help farmers reduce

production costs, expand local and foreign markets and take advantage of their local natural resources effectively.

The Caribbean region relies primarily on agriculture and tourism. Limited to island-based production models, farming has a relatively high cost in these countries, which reduces international competitiveness. They rely mainly on bananas and sugar cane and are in desperate need of diversifying into other crops and enhancing their production capabilities. The TaiwanICDF has designed micro-credit projects for most of these nations to help farmers acquire production equipment and then boost efficiency. Diversified crop development will help to supply the needs of the tourism sector, supermarkets, and cruise ships. This symbiotic relationship between agriculture and tourism helps to create a win-win situation for both industries.

### Promoting SME Development

Decades of SME development in Latin America and the Caribbean have led to steady growth within this sector. With increasing global economic integration, SME development is one of the focal points within the region. The TaiwanICDF provides credit to assist SMEs in obtaining necessary funds to develop and increase competitiveness.





The TaiwanICDF is also preparing to work with the MIF at the IDB in offering broader financial services for SMEs in the region.

The TaiwanICDF utilizes credit and training projects to assist vocational schools, enabling them to train the specialized personnel required in the course of economic development. In addition, the TaiwanICDF cooperates with vocational institutions to conduct training courses in production technology, operations management, and marketing as well as factory consultation services. For example, the Taiwan Industry Service Mission in the Dominican Republic assists the country in upgrading their metals processing, food processing, and textile and garment industry capabilities. Meanwhile, the

Taiwan Investment and Trade Service Mission in Central America helps design export strategies for local companies, thus assisting SMEs in upgrading their competitiveness.

### **Boosting the Ability to Use Information Technology**

For strong economic growth to be maintained in the 21st Century, the private sector must take advantage of digital opportunities. The TaiwanICDF has a mission of creating balanced digital opportunities throughout the world. As such, it is providing Taiwan's information development experience to help others in reducing the digital divide and undertake industrial upgrading. The TaiwanICDF assists educational institutions in obtaining

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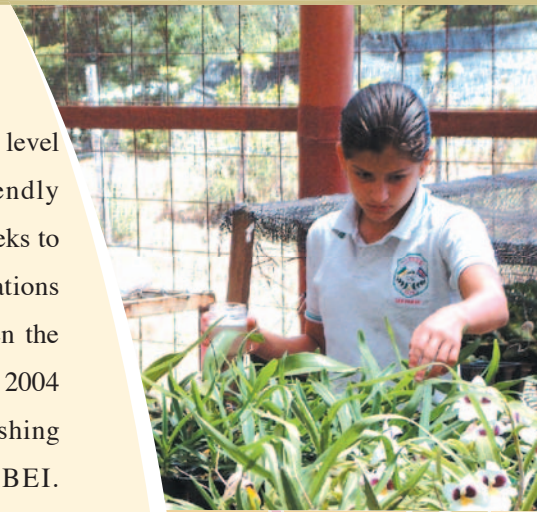


1 A pesticide spraying demonstration at a rice field in Belize 2 Plug planting for the Paraguay Floriculture Project 3 Packaging vegetables for export purposes in the Honduras Crop Production Project

information hardware and software, stages regional seminars to share its own developmental experiences, and trains seed teachers and high-level technicians. The TaiwanICDF has cooperated with World Links by setting up digital telecenters at secondary schools in Costa Rica and other countries to instruct teachers, students, and the public at large on computer usage. The Fund also jointly stages international video conferences with the OAS's YABT to share Taiwan's SME development as well as the experiences of technical missions helping farmers start businesses in the region. The TaiwanICDF and YABT also work together to set up e-commerce information platforms. Meanwhile, the TaiwanICDF and NTHU provide scholarships for foreign students to study for master's degrees in international information technology and international technology management. Scholarship beneficiaries are expected to return home and contribute to digital development within their home countries.

The TaiwanICDF implemented projects in 16 countries throughout the region in 2004. In terms of agriculture,

projects focused on upgrading the level of farming technology for friendly nations. The TaiwanICDF also seeks to work with international organizations to leverage resources and broaden the scope of projects. For instance, in 2004 it jointly held a farming and fishing technology seminar with CABEI. Under the IDB's Japan Program, the Fund sent experts to Nicaragua to assist in aquatic product processing. In terms of developing SMEs, the TaiwanICDF worked together with CABEI to hold seminars devoted to SME development in order to export Taiwan's successful experience further and to enable governmental and private sector leaders from other countries to understand future trends for SMEs. In February, the TaiwanICDF also sent an international digital opportunities fact-finding delegation to Guatemala to hold a regional seminar on Taiwan's successes in the establishment of Internet networks, e-applications, and e-enterprises. The delegation exchanged important statistical information with the participating countries. Data gathered will be used to design IT development projects for the region.





## Key Projects



❶ Participants study orchid growing techniques at a mission-conducted workshop in Costa Rica ❷ An workshop participant constructs bamboo furniture for the Guatemala Bamboo Cultivation and Utilization Project ❸ The technical mission in Nicaragua assists local farmers in setting up greenhouses and in producing bedding plants

### ❖ Special Fund for the Social Transformation of Central America (FETS)

#### Goals and Benefits

The CABEI is working to assist the heavily indebted countries of Nicaragua and Honduras in solving their foreign debt problem. In order to promote sustainable development, the bank has instituted a two-stage assistance project to reduce poverty. In the first stage, financial assistance or debt relief has been provided to Nicaragua and Honduras to reduce sovereign debt. In the second stage, FETS was created in 2000. The fund provides financing to Nicaragua and Honduras in the form of concessional loans, which will be used to carry out social development and infrastructure projects to achieve the goal of reducing poverty.

#### Status

The TaiwanICDF has injected capital into this special fund. With its vast professional experience in Central America, the CABEI assists the TaiwanICDF in selecting, evaluating, and planning sub-projects. FETS covers the areas of health, education, housing, urban development, village sustainable development, and MSME development. Sub-projects will be proposed by the CABEI and its regional offices will then implement them. This project not only expands partnerships with targeted countries, but also strengthens the TaiwanICDF's cooperative ties with international organizations.

## ❖ Central America Farming and Fisheries Workshops/ Latin America Organic Farming Conference

### Goals and Benefits

The TaiwanICDF cooperated with regional development institutions to hold a series of farming and fisheries technical workshops for six Central American nations. The goal of the events was to share with the host countries Taiwan's successful development experience in these fields and to help each country to solve bottlenecks they may be facing. The workshops helped strengthen relationships with Taiwan's diplomatic allies in the region and fostered interaction with international development organizations and agricultural institutions.

### Status

The workshops included one on rice production in Nicaragua, Oriental vegetable farming in Honduras, marine shrimp cultivation in El Salvador, bamboo crafts in Guatemala, tissue culture in Costa Rica, and organic farming in Panama. The CABI provided funding for the workshops, while TaiwanICDF and local governments cooperating in staging the events. Representatives from the IICA, the OIRSA, the CATIE, and other international organizations participated. The technical mission in each nation held one-week training workshops for agricultural officials and technicians from the host country and other nations. All sides had the opportunity to share experiences, while the technology and knowledge provided by the Taiwan delegations strengthened the agriculture and fisheries industries within these countries.



▲ The Fish Breeding and Aquaculture Extension Project in El Salvador

## ❖ IT School Project in South America

### Goals and Benefits

Taiwan's Executive Yuan has set a policy of helping to reduce the international digital divide. This is also a policy of APEC. In response, the TaiwanICDF in 2004 implemented a number of projects to spark digital opportunities. The projects sought to utilize Taiwan's IT advantages to help friendly countries in the region boost information education and raise computer literacy in the countryside.

### Status

At the end of May, a delegation visited Chile, Peru, and Paraguay to understand the policies and needs of each nation, with the information gathered to be used to map out future cooperative plans. In November, an information education delegation



implemented assistance projects in which telecenters were established at Liceo C-3 Granaderos de Putre Junior High in Arica in northern Chile, Edelmira del Pando School in Lima, Peru, and in the Cordillera, Guaira, Paraguari, and Prisidente Hayes provinces of Paraguay. Hardware and software were provided. In addition, seminars were held to train seed teachers and local technicians. The seed teachers provide instruction to students and residents in the use of the Internet and simple word processing to boost employment skills.



▲ Chilean children take advantage of the telecenter's computers

## ⇒ Guatemala Technical Education Project

**Goals and Benefits** | The TaiwanICDF has executed this project to help Guatemala modernize its vocational education system and to train technicians needed for the country's future economic and industrial development. The focus of the project is the creation of a three-year secondary vocational school—ITGS. This school will serve as a model for other institutes in Guatemala, thus raising the quality of the nation's workforce.

**Status** | The TaiwanICDF has provided loans to Guatemala's Ministry of Finance, which injects the money into FONAPAZ – the organization that is implementing the project. The school will have six departments—electrical machinery, machinery, electronics, vehicle repair, air-conditioning maintenance, and food processing. Detailed curriculum will be designed according to the technical needs of the market, and planning is currently being carried out to determine actual course content and required course hours for graduation. Instructors will also be trained in the coursework as well as how to use, manage, and repair laboratory equipment. The entire project is expected to be completed in June 2006.

## ⇒ Specialized Financial Intermediary Investment Fund

**Goals and Benefits** | Given the varying developmental states of microfinance in Latin America and the different investment and lending needs of each disbursement agency, the TaiwanICDF has participated in the Specialized Financial Intermediary Investment Fund with the MIF/IDB to integrate funding resources, thus ensuring the greatest financial and development impact. From a financial standpoint, annual returns are expected in the range of four to five percent. As a result, numerous loans under US\$5,000 can be extended, boosting economic and social development in the region.

**Status**

Resources are disbursed on a widespread basis to reduce risks. The TaiwanICDF maintains strict quotas on the amount of financing provided to each nation and to each selected microfinance institution.

TaiwanICDF resources can also be allocated through MIF-invested funds. Within these funds, the MIF has the dominant role in corporate governance. The TaiwanICDF's representative, however, can be seated as an observer at board meetings for those invested funds.

### ❖ Central America SME Policy Seminar

**Goals and Benefits**

In order to assist Central American nations in SME development and strengthen the Fund's cooperative relationship with the CABI, the TaiwanICDF held a seminar on Taiwan's development experiences in December 2004. Discussions were held on upgrading the region's policy planning capacities, which will promote SME development.

**Status**

A total of 27 mid- and high-level government officials and industry representatives from eight countries (Honduras, Guatemala, Nicaragua, Belize, Costa Rica, Panama, El Salvador, and the Dominican Republic) were invited to various sessions held at CABI's Honduran headquarters. Presentation topics included Taiwan policies toward SMEs, financial assistance, and industrial cooperation. The seminars also provided an opportunity for participants from each country and Taiwanese specialists to exchange opinions and experiences.



❶ A specialist from the Industry Service Mission in the Dominican Republic provides training in molding technology ❷ Two servicemen instruct a local on mango processing techniques for Panama's Food Processing Project ❸ Plant tissue cultivation at the laboratory used for the Horticultural Crop Development Project in St. Vincent and the Grenadines





## Cooperating Countries and Projects in Latin America

### 2 Guatemala

- Bamboo Cultivation and Utilization Project
- Horticultural Export Development Project
- Aquaculture and Farm Product Processing Technology Improvement Project
- Tea Technology Improvement Project
- Investment Extension Project
- Export Extension Project
- SME Development Symposium
- Technical Education Project
- Child Sponsorship Project
- Taiwan Youth Overseas Service

### 3 El Salvador

- Vegetable Production Extension Project
- Fruit Tree Production Improvement Project
- Fish Breeding and Aquaculture Extension Project
- Program for Environmental Pollution Control in Critical Areas of El Salvador
- Taiwan Youth Overseas Service

### 4 Honduras

- Crop Production Project
- Aquaculture Project
- Hog Breeding Project
- Quimistan Valley Irrigation Project
- Small Farmholders' Financing Scheme—Tilapia Raising Program
- Small Farmholders' Financing Scheme—Rice Production Program
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service

### 1 Belize

- Seed Rice Production and Technology Transfer Project
- Food Processing Project
- Vegetable and Crop Production Improvement and Extension Project
- Small Farmholders' Financing Scheme
- Tourism Development Financing Project
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service



### 5 Nicaragua

- Oilseed and Rice Production Improvement Project
- Horticultural Crop Production Improvement Project
- Superior Hog Breeding Extension Project
- Aquatic Product Processing Technology Assistance Project—Stage II
- Medical Equipment Improvement Project
- Small Farmholders' Financing Scheme
- Agricultural Production Reactivation—Phase II
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service

### 6 Costa Rica

- Agriculture Development Project
- Fisheries Development Project
- Highway Construction Loan Project
- Moin Port Expansion Project
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service

### 7 Panama

- Fruit and Vegetable Project
- Food Processing Project
- Fishing Village Development Project
- Small Farmholders' Financing Scheme—Fishing Boat Loans
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service

### 8 Ecuador

- Vegetable Project
- Rice Project
- Bamboo Handicraft Development and Cultivation Project
- Taiwan Youth Overseas Service

### 9 Peru

- IT School Project

### 10 Chile

- IT School Project

### 11 Paraguay

- Agricultural Crops Extension Project
- Floriculture Project
- Hog Raising Project
- Export Processing Zone Project
- IT School Project
- Child Scholarship Project
- Medical Support to Paraguay Supermarket Fire Victims
- Taiwan Youth Overseas Service





## Cooperating Countries and Projects in the Caribbean

### 1 Haiti

- Rice Yield Enhancement Project
- Bamboo Cultivation and Handicraft Project
- Investment and Lending Project to Micro-credit National S.A. – Phase I and II
- Drinking Water Distribution Project –Lot I
- Emergency Relief Project for Hurricane Jeanne

### 2 Dominican Republic

- Industrial Technology Cooperation Project
- Rice Seed Improvement and Yield Enhancement Project
- Horticultural Crop Cultivation and Bamboo House Project
- Aquaculture Development Project
- Program for Modernizing the National Congress and the Office of the Comptroller General

### 3 St. Christopher and Nevis

- Fruit and Vegetable Project
- Medical Equipment Improvement Project
- Small Farmholders' Financing Scheme
- Micro-credit Project
- Eastern Caribbean Scholarship Program
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service

### 4 St. Vincent and the Grenadines

- Horticultural Crop Development Project
- Livestock Extension Project
- Micro-credit Project
- Medical Equipment Improvement Project
- Eastern Caribbean Scholarship Program
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service



### 5 Grenada

- Horticulture Project
- Agricultural Product Processing Project
- Trade Project
- Medical Equipment Improvement Project
- Small Farmholders' Financing Scheme
- Micro-credit Project
- Hurricane Ivan Reconstruction Project
- Eastern Caribbean Scholarship Program
- Taiwan Overseas Volunteers
- Taiwan Youth Overseas Service



### Regional Cooperation Projects

- Special Fund for the Social Transformation of Central America (FETS)
- Specialized Financial Intermediary Investment Fund
- Central America SME Policy Seminar
- Central America Farming and Fisheries Workshops
- Latin America Organic Farming Conference
- Cooperation with World Links
- International Conference on Digital Opportunities
- InfoBiz Youth Information Project
- Agricultural Enterprise Video Conferences
- TaiwanICDF Scholarship Program — Twenty-nine students from nine countries in the region are studying for master's or doctorate degrees in the fields of agriculture, sustainable development, and aquatic sciences and marine resources etc.
- International Human Resource Development Workshops — One hundred and sixty-three participants from 25 countries in the region attended 12 seminars including the Taiwan experience, SME development, community development and the tourism industry, and aquaculture.