



Central and South America



Central and South American nations are working together more closely, are actively negotiating bilateral free trade agreements and are participating in regional economic integration. Furthermore, improvements in public health, education and literacy have led to greater stability and have created the foundation for long term growth. However, as Central and South American nations have become more integrated into the global economy, they have also developed a greater sensitivity to global trends.

Political and economic crises in Argentina and Venezuela during the past year, coupled with ongoing fiscal and electoral uncertainty in the region, rendered Central and South America the slowest growing region in the world for the second year in succession. Regional GDP was expected to rise by a modest 0.9 percent during 2002.

The Republic of China currently maintains formal diplomatic relations with the Central and South American nations of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay. The ICDF and its friends in Central and South America have agreed that renewed economic growth will emerge from strengthened government institutions, continued fiscal policy reforms, sustainable private sector growth, debt relief, poverty reduction, industrial diversification and ongoing improvements to the educational system.

Strengthening Competitive Power through Cooperation

The ICDF's primary aim is to help Latin American countries alleviate poverty through sound strategies, good economic management, strengthened institutions and effective governance. To accomplish this goal, the ICDF and CABEL signed an agreement in October 2001 aimed at strengthening economic and technical cooperation between the Republic of China and CABEL member nations.

The ROC-Central American Economic Development Fund (ROC-CAEDF) plays a major role in promoting trade and regional cooperation between Taiwan and the Central American nations of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Projects specifically focus on:

- Promoting regional integration and economic development
- Performing social and economic research
- Improving local, regional and state agencies and institutions
- Supporting the ROC-CAEDF Executive Training Program. This year the ROC-CAEDF accepted three new participants into its Executive Training Program and sponsored 14 students in graduate studies at National Pingtung University of Science and Technology and National Chengchi University in Taiwan.



Central and South America

Fostering Economic Growth and Agricultural Development.

Central and South America consists of countries with flourishing primary industries underpinned by rich natural resources. Many are classified by the World Bank as middle income countries. However, several have social infrastructures that are underdeveloped because of past political and economic turmoil.

The strategic importance of agriculture and the rural sector remains for four major reasons: (1) Agriculture's significant contribution to regional employment (2) The impact of agriculture on the environment (3) The contribution of the rural sector to the development of other sectors of the economy (4) The higher incidence of poverty in rural areas.

The prime objective of the ICDF's Central and South American strategy is to reduce rural poverty and promote strong economic growth while ensuring the sustainable management of natural resources.

The ICDF's work in the agricultural sectors of Central and South America has changed focus in recent years. Its comprehensive strategies have the following objectives:

- Lessening reliance on crops with declining market value
- Facilitating production of new food products
- Fostering agribusiness development

Specific strategies to accomplish these objectives include:

- Developing vertically and horizontally integrated food and agribusiness industries
- The formation of production marketing teams
- Enhancement of farm and agribusiness growth through lending programs
- Reducing reliance on expensive imported processed foods to stimulate the local food processing industry

Strengthening Trade, Tourism and Technology Links

Reflecting an improved economic climate in Central and South America, the SME, manufacturing and tourism sectors are expanding vigorously. The tourism industry has particular potential because of the area's many cultural treasures, beautiful environments and warm climate, so it is being targeted for growth.

In 2002, the ICDF cooperated with Central American nations in the following activities:

- Designing and implementing industrial and SME strategies
- Fostering cooperation among businesses in the region
- Providing lending and financing
- Developing tourism

One example of how the ICDF is assisting in tourism development involves supporting Belize in restoring and developing the Mayan ruins at Carocal, a major historical site.

Because of its concern for the environment in Central and South America, the ICDF is cooperating with the Salvadoran government in implementing environmental pollution prevention and control programs. This project will establish environmental management systems in three critical areas: air quality management, water quality management, and integrated management of solid waste.

The ICDF is also promoting improvements in transport infrastructure in Central and South America by funding Section IV of the “Southern Highway Upgrading Project” (opened in September 2002) in Belize. Over the past decade, Central and South American countries have pursued new approaches for managing and financing transportation systems to meet increasing demand on aging and inefficient systems. The ICDF is pleased to help Latin American countries meet their transportation goals through lending, technical assistance, and analytical services covering road management, concessions, enterprise reform, urban transport, rural access, inter modal integration and traffic safety.

Education and Poverty: Including the Excluded

Education is truly a critical issue in human development. By fostering learning and literacy, each generation can increase the health and prosperity of the next. Education and training are core elements of ICDF development strategies everywhere, and Central America is no exception. A star in this approach is the recently completed “Costa Rica Vocational Education Improvement Program,” which helped the nation develop a complete vocational education system. This successful project is now being replicated in neighboring nations, a development that will strengthen labor skills throughout the region. In addition, the ICDF launched technical education projects in Guatemala and El Salvador in 2002. These projects aim to promote the quality of technical education and vocational training by improving learning environments and professional knowledge.

Furthermore, the ICDF is cooperating with World Links in funding and supporting the use of the Internet in secondary education in allied nations. Through this program, students are learning computer skills and expanding their knowledge of other nations.

Belize



Fast Facts

Capital:

Belmopan

Languages:

English, Spanish, Mayan, Garifuna, Creole

Population:

247,100

Area:

22,966 sq km

Religion:

Christianity

Currency:

Belizean Dollar



Economic Overview and Outlook

In the 1990s, the economy in Belize, historically dependent on sugar, citrus and banana exports, began to diversify. The tourism sector grew rapidly, becoming the country's main foreign exchange earner. The government has focused on ecocultural tourism in order to capitalize on Belize's natural, archaeological and cultural attractions.

In 2001, Belize registered growth in GDP of 5.1 percent, due to increased activity in most sectors. World Bank statistics indicate that the agricultural sector in Belize contributes 20 percent of the GDP and employs about one quarter of the labor force.

There is considerable room for expansion of the agricultural sector. Only 10 to 15 percent of Belize's arable land is cultivated, and the small fishing industry has great potential for development. The government offers support for extending cultivation and improving yields. This is being implemented with tropical crops, livestock and pasture. Other targets for diversification are tourism, now the largest foreign exchange earner, and regeneration of the forestry sector through reforestation. The expansion and improvement of the forestry sector is a priority.

The international community reaffirmed its strong support for Belize's Recovery Strategy and Reconstruction Program following the devastation caused by Hurricane Keith in October 2000. Assisted by international donors, the government remains committed to the reduction of poverty. According to World Bank statistics, Belize had an external debt of US\$584 million in 2001 and received US\$21 million in foreign assistance. The top donors were the United Kingdom, the EU and the Caribbean Development Bank.

The Country Poverty Assessment (CPA) conducted in 1995/96 revealed that 33 percent of the population fell below the poverty line. The rural areas had 42.5 percent of their households living below the poverty line, while the urban areas had 20.6 percent. Young people, the elderly, the disabled, and female headed households were the social groups most vulnerable to poverty. The government's centerpiece strategy to combat poverty rests on the construction of low income

housing. In 2001, Belize had a population growth rate of 3.3 percent, a fertility rate of close to four births per woman, and a life expectancy of 74 years.

ICDF Operations

There are currently one technical mission in Belize working on three crop diversification and improvement projects and one technical assistance project involved in SME development. Additionally, there are three investment and lending projects in Belize targeting highway rehabilitation, tourism and microcredit.

Technical Mission

Seed Rice Production and Technology Transfer Project

This project is providing training to local farmers in producing superior seed rice. To benefit farmers, a fund has also been established for sustainable rice growing. In 2002, the mission produced seed rice, provided rice production technology, and assisted farmers in developing paddy fields. It conducted lectures and held demonstrations in paddy rice technology and cultivation, and established a work study system.

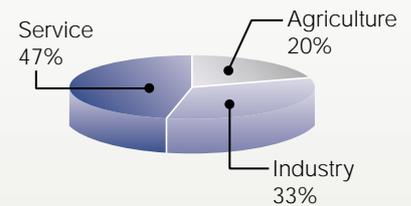
Vegetable and Crop Production Improvement and Extension Project

In order to diversify agriculture in Belize, this project is demonstrating production techniques, training students in new farming technology, promoting vegetables for export as well as for local markets, and providing collective training for production marketing teams. In 2002, the technical mission assisted in the acquisition, screening and cultivation of new vegetables. It created work study opportunities for Belizean college and high school students, transferred agricultural technology to local farmers, and organized production marketing teams.

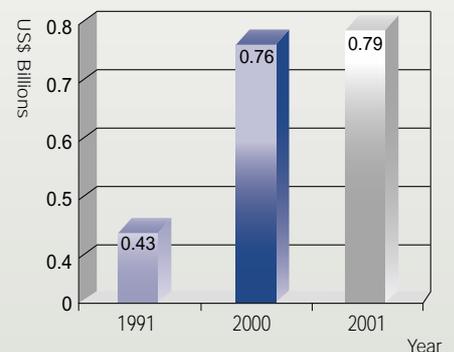
Food Processing Project

This project is contributing to diversification of the Belize agricultural industry by developing value added products through food processing. The project is helping to research and develop processed food products that have market potential, train food processing technicians, and upgrade the level of existing small and medium sized food manufacturers.

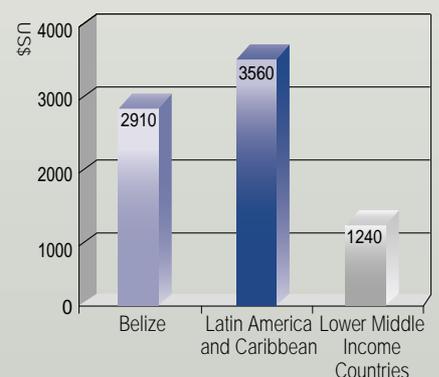
Structure of the Economy 2001 (%GDP)



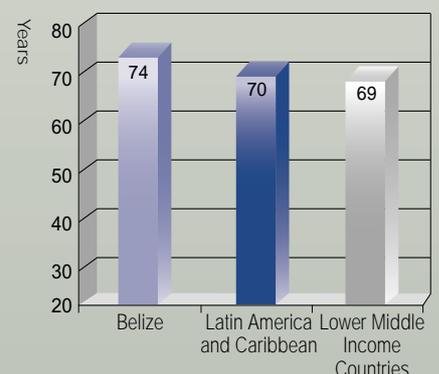
GDP



GNI Per Capita 2001



Life Expectancy 2001



Belize at a Glance

Technical Assistance Project

SME Advisory Project – Food Processing

This project is providing consultancy in strengthening industrial production and developing strategic industries, thus making more jobs available, creating wealth and stabilizing Central American economies. In 2002, the ICDF held three workshops to develop fruit dehydration, bakery and juice product packaging.

Investment and Lending Projects

Belize Southern Highway Upgrading Project

The ICDF and the IDB cofinanced this project. The ICDF provided US\$10 million to complete Section IV of the highway and the IDB financed lent funds for Section V. The major goals of the project were to: (1) Establish and upgrade the Belize national road maintenance system (2) Rehabilitate feeder roads (3) Put into place environmental and social impact mitigation measures and assistance programs. The highway officially opened on 26 September 2002.

Small Farmholders Financing Scheme

This project is assisting small farmers with crop diversification, productivity improvement, income enhancement and other activities. The scheme lent US\$150,000 to eligible small farmers sponsored by the technical mission stationed in Belize.

Tourism Development Project

This project lent US\$3 million to Belize for the restoration and tourist development of the Mayan ruins at Carocal, a major historical site. The activities covered construction of a tourist road, water system and sewage system; the strengthening of tourism functions; and the provision of relevant human resources training.

Taiwan Youth Overseas Service

Two servicemen, who specialize in agricultural techniques, are helping the technical mission by performing daily tasks and helping with project implementation.



▲ Technical Mission conducting a harvesting machine demonstration.



▲ Specialist conducting food processing instruction

Costa Rica



Fast Facts

Capital:

San José

Languages:

Spanish, English

Population:

3.9 million

Area:

51,100 sq km

Religion:

Christianity

Currency:

Colon



Economic Overview and Outlook

Costa Rica has long been considered among the most successful Latin American nations. Several factors have helped the country earn this reputation, including enlightened government leaders, comparative prosperity, flexible class lines and educational opportunities that helped to create a stable middle class, and high social indicators.

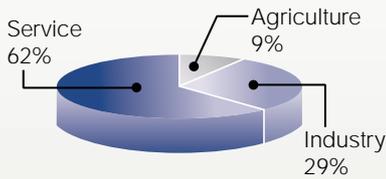
Costa Rica's major economic resources are its fertile land and frequent rainfall, and its location in the Central American isthmus, which provides easy access to North and South American markets and direct ocean access to the European and Asian continents. One quarter of Costa Rica's land is dedicated to national forests, often adjoining picturesque beaches, which has made the country a popular destination for affluent retirees and ecotourists.

The nation's economy grew at a healthy average annual rate of nearly five percent between 1986 and 1996. Costa Rica's economy depends on tourism, agriculture and electronics exports. However, the infrastructure has suffered from a lack of maintenance and new investment, and serious fiscal deficits have created macroeconomic problems. Further liberalization of Costa Rica's trade and investment regimes, resolution of the internal debt problem, and passage of legislation expanding private sector investment will increase the country's prosperity.

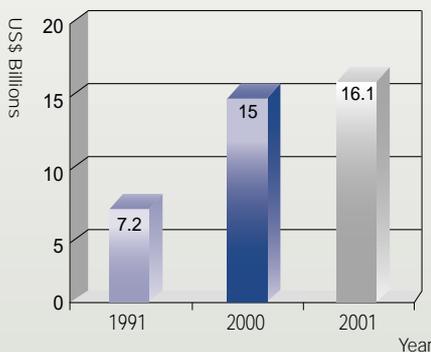
Historically known as a producer of bananas and coffee, Costa Rica gained the reputation in the 1990s of being an attractive location for foreign investment by high technology companies. The agricultural sector accounted for 9.1 percent of the nation's GDP in 2001. Agricultural exports are primarily coffee, pineapple, banana and sugar, but corn, rice, bean, potato, beef and timber are also exported. Compared to other developing countries, Costa Rica has a relatively advanced industrial sector with products that range from microprocessors and textiles to construction materials and plastics.

During the last decade, the government's economic programs have advanced Costa Rica's efforts to improve the standard of living further, by pushing the proportion of Costa Rican people in extreme poverty below 5.6 percent. Costa Rica had a population growth rate of below two percent in 2001, a fertility rate of 2.6 births per woman, and a life expectancy of 77 years.

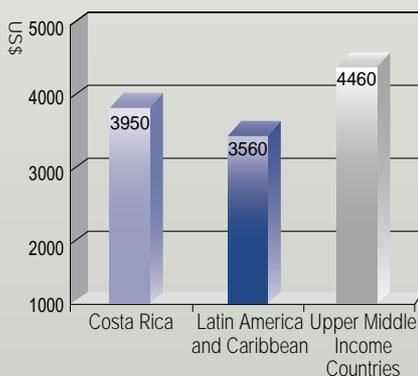
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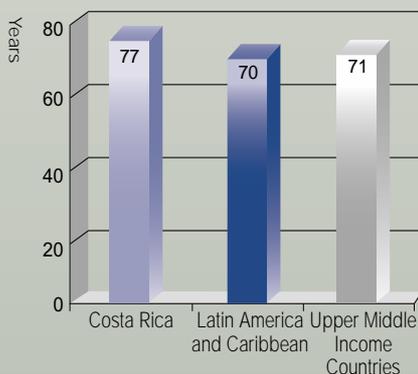
GDP



GNI Per Capita 2001



Life Expectancy 2001



Costa Rica at a Glance

According to World Bank statistics, Costa Rica had an external debt of US\$3.2 billion in 2001 and received US\$2 million in foreign assistance. The United Kingdom and Japan were the biggest donors.

ICDF Operations

There are currently one technical mission working on three agricultural and fisheries projects, one technical assistance project involving mold industry development, one education and training project and four investment and lending projects dealing with industrial park development, terminal port improvement, highway construction, and infrastructure upgrading.

Technical Mission

Fruit Tree and Floriculture Project

In cooperation with the Costa Rica Department of Agriculture and Livestock, this project is developing food processing facilities and industries. The mission has been encouraging research into the extension of fruits and vegetables, and establishing orchid tissue technique transferring and floriculture facilities.

Atlantic Fisheries Production Improvement Project

This project is assisting the Costa Rican Fisheries Administration and other institutions in implementing fisheries research and training, assisting fishermen in increasing efficiency by the use of modern equipment and methods, and providing consulting, training and technical services.

Bamboo Handicraft Development and Cultivation Project

The mission is providing full training to meet the needs of Costa Rica's bamboo handicrafts industry. It is offering technical guidance to bamboo handicraft factories to help them improve production, and facilitating the development of new domestic and foreign markets.

Technical Assistance Project

SME Advisory Project – Mold Industry Development

This project is helping Costa Rica strengthen its industrial production capabilities and develop strategic industries. By introducing modern techniques into Costa Rica's mold industry, the project is helping local industries to elevate their technical standards, via computer aid design (CAD).

Investment and Lending Projects

Chinese Industrial Park Loan

The ICDF lent US\$9 million to support the construction of an industrial park in Costa Rica. It is encouraging Taiwanese enterprises to invest in the project.

Highway Construction from Naranjo to Florencia

This project helped design and create an efficient and low cost transportation system in northern Costa Rica. It will permit this large and rich portion of territory to integrate with the rest of the country and make it possible to export nontraditional products to new markets. The length of the freeway between Naranjo and Florencia is approximately 47 kilometers and includes 12 bridges. The 780-meter-long Friendship Bridge over the Tempisque River was completed in May 2002.

Expansion of the Terminal Moin Port

This project will enhance economic development of the Costa Rican Atlantic coast by improving access to the inland, increasing the length of the existing piers, and furnishing equipment for port operations.

Guava Pulp Processing Manufacturing Plant

The scheme is financing the purchase and providing capital for a Guava Pulp processing firm in Costa Rica. The plant will process local wild guava into pulp, and this will then be sold to large fruit processing firms that will process it into juice.

Education and Training Project

Cooperative Project with World Links

The ICDF cooperated with World Links in funding and supporting the use of the Internet in secondary education in Costa Rica and four other nations. Many seed trainers have benefitted from

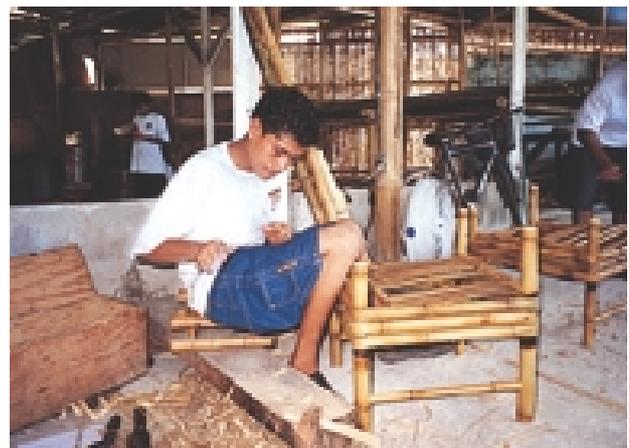
classroom instruction. Over 30 schools, 240 teachers, and 6,000 students have benefitted from the project in Costa Rica.

Taiwan Overseas Volunteers

Twelve ICDF volunteers are currently serving in Costa Rica. They are performing a wide range of services in medical care, providing Chinese and computer training classes, and helping farmers and businesses with agricultural marketing.

Taiwan Youth Overseas Service

There are three servicemen providing administrative support, horticulture assistance and computer maintenance at the technical mission.



▲ Trainee practicing bamboo handicraft techniques



▲ Taiwan Overseas Volunteer conducting classroom instruction

Ecuador



Fast Facts

Capital:

Quito

Languages:

Spanish, Amerindian languages

Population:

12.4 million

Area:

283,560 sq km

Religion:

Christianity

Currency:

US Dollar



Economic Overview and Outlook

Ecuador is characterized by great geographical, economic and ethnic diversity. Oil and export agriculture are the main pillars of the Ecuadoran economy. In the Andean highlands, whose major cities include the capital city of Quito and the commercial centers of Cuenca and Ambato, small scale farming and services dominate economic activity. The coastal area, and its major port city of Guayaquil, has thrived on commerce and agricultural and fishing exports. The sparsely populated Amazon region contains most of the country's largest export earner, oil.

The oil and mining sector contributed to an average growth of 12.1 percent of GDP between 1997 and 2001. Oil earnings represented 28 percent of central government fiscal revenue in 2001, and that sector continues to attract the majority of long term foreign investment. Continued economic instability led to a 70 percent depreciation of the currency throughout 1999, which forced a desperate government to "dollarize" the currency regime in 2000.

Tourism – focusing on the Galapagos Islands – continues to perform well, accounting for about 15 percent of GDP.

Agriculture, forestry and fishing accounted for about 11 percent of GDP in 2001. The primary agricultural products are banana, barley, cocoa, coconut, coffee, maize, potato, rice, soybean, sugarcane and wheat. The primary meat products are beef, veal, chicken and pork.

World Bank statistics indicate that Ecuador has an external debt of US\$13 billion in 2001 and received foreign assistance of US\$171 million, to which the United States, Japan and Spain were the main donors.

In March 2000, the government announced an economic and social program whose objectives include restoring confidence in economic management, stemming the decline of economic activity, laying the foundations for renewed growth, preventing the further deterioration of living standards, and protecting the poor. Ecuador had a population growth rate of about two percent in 2001, a fertility rate of 3.4 births per woman, and a life expectancy of 70 years.

ICDF Operations

There is one technical mission in Ecuador working on agricultural development and diversification projects.

Technical Mission

Rice Project

The ICDF is involved in this project with the Ecuadoran Department of Agriculture and Animal Husbandry, by providing training and materials to farmers and assisting them in growing and preparing seed rice. In 2002 the mission extended rice production and supplied rice seed to farmers to grow a quality product.

Coastal Irrigation Zone Vegetable Project

The objective of this project, also in conjunction with the Ecuadoran Department of Agriculture and Animal Husbandry, is to promote vegetable and tropical fruit tree cultivation, provide education and training, and assist in the operation of vegetable production marketing teams. In 2002, members of the mission trained Department of Agriculture personnel and vegetable farmers, conducted vegetable technology classes and held field test demonstration meetings.

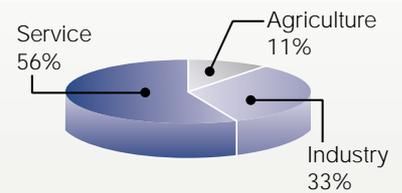
Taiwan Youth Overseas Service

There is currently one serviceman specializing in horticulture in Ecuador.

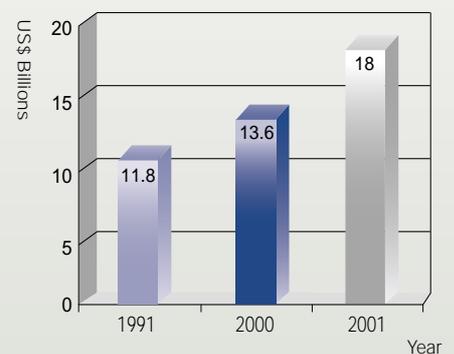


▲ Technical Mission in Ecuador holding a seminar on agricultural techniques

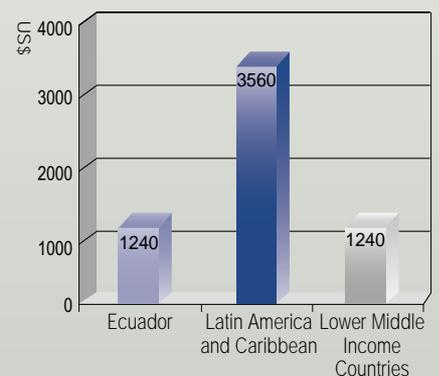
Structure of the Economy 2001 (%GDP)



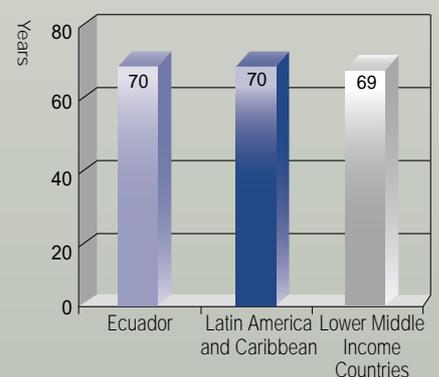
GDP



GNI Per Capita 2001



Life Expectancy 2001



Ecuador at a Glance

El Salvador



Fast Facts

Capital:

San Salvador

Languages:

Spanish, Nahua

Population:

6.4 million

Area:

21,040 sq km

Religion:

Christianity

Currency:

Colon



Economic Overview and Outlook

El Salvador's greatest assets include rich soil, a moderate climate, and a hard working and enterprising labor pool. Much of the improvement in its economy is due to free market policy initiatives.

The economy in El Salvador is more deregulated and diversified than in the past, thus less dependent on agriculture, and it is in the process of developing strong service and manufacturing sectors. As a consequence, the country was able to improve the standard of living and to achieve a marked decline in the level of poverty during the last decade. Yet, endemic rural poverty remains a serious problem - more than 60 percent of rural residents live in poverty and illiteracy affects 21 percent of the population.

The agricultural sector in El Salvador accounts for 10 percent of GDP and employs an estimated 27 percent of labor. The nation relies on coffee for most of the revenue from agriculture.

The Hurricane Mitch disaster in 1998, which generated extreme rainfall and caused widespread flooding and landslides, elicited a remarkable response from the international community. In early 2001, the country experienced a series of devastating earthquakes that caused an estimated US\$1.6 billion in damage, and forced the government of El Salvador to refocus its investment priorities and territorial allocation.

According to the World Bank, El Salvador had an external debt of US\$4.683 billion in 2001 and received US\$235 million in foreign assistance. The largest contributors were Japan, the United States and Spain.



ICDF Operations

A technical mission is currently working on vegetable, tropical fruit and aquaculture development projects. There are also one technical assistance project on SME development and three investment and lending projects that support technical education, environmental, and housing reconstruction.

Technical Mission

Vegetable Production Extension Project

This project, in cooperation with the El Salvador Department of Agriculture and Livestock, is extending production of high value vegetable seeds and improving vegetable cultivation techniques. In 2002, the project performed vegetable extension work, organized production marketing teams, improved seedling propagation techniques and promoted family vegetable gardens.

Fruit Tree Production Improvement Project

This project is conducting fruit tree field trials, performing seedling evaluation and propagation, and extending fruit production. In 2002, the project improved cultivation technology for the Central Agricultural Institute, established a seedling propagation area, and provided training for farmers and Department of Agriculture technicians. It extended the production of Taiwan papaya and improved the cultivation of guava and starfruit.

Fish Breeding and Aquaculture Extension Project

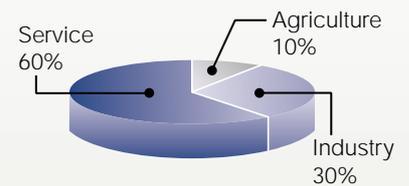
This project is propagating superior shrimp stock; cultivating tilapia fry and, freshwater and saltwater shrimp larvae; promoting intensive tilapia culture; extending freshwater and saltwater shrimp culture; and providing aquaculture training.

Technical Assistance Project

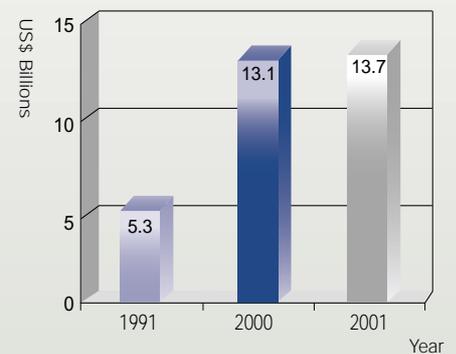
SME Advisory Project - Wood Furniture Industry

This project is providing assistance to the wood furniture industry, to help elevate the overall quality of the furniture and increase product competitiveness. It also commissioned numerous specialists to conduct field research reports, make recommendations on industrial policy, and hold technical transfers.

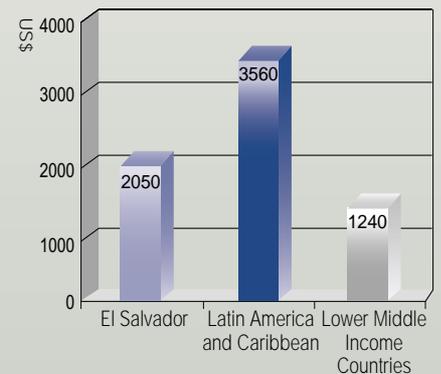
Structure of the Economy 2001 (%GDP)



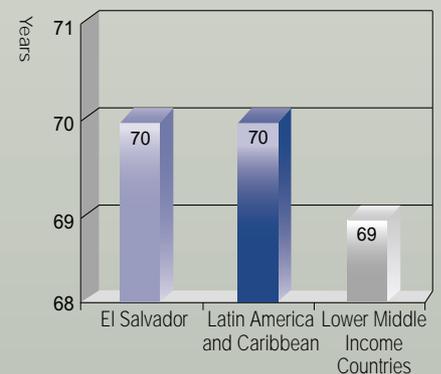
GDP



GNI Per Capita 2001



Life Expectancy 2001



El Salvador at a Glance

Investment and Lending Projects

Technical Education Modernization Project

This project is upgrading the quality of technical education and vocational training in El Salvador by improving both the learning environment and capacity, in order to meet industry needs for technical human resources. The project is organized into six major components: (1) Curriculum and professional course revision (2) Laboratory installation (3) Teacher training (4) Technical reference book selection (5) Laboratory construction and renovation (6) Consulting services

Environmental Pollution Control Project

This project is assisting the Republic of El Salvador in devising strategies for environmental pollution prevention and control programs. It has established environmental management systems in three critical areas: air quality management, water quality management and integrated management of solid waste. This includes support for environmental regulatory frameworks, and for integrated management of municipal solid waste through separation, treatment, recollection and final disposal programs that are environmentally suited to small and medium sized municipalities.

Housing Solidarity Reconstruction Program

Through this project, the ICDF has helped people in El Salvador rebuild their houses after Hurricane Mitch (1998), including the construction of 1,406 houses in severely affected areas.

Education and Training Project

Cooperative Projects with World Links

The ICDF is cooperating with World Links in funding and supporting the use of the Internet in secondary education in El Salvador and four other nations. Students are learning computer skills and

expanding their knowledge of other nations. Over 40 schools have benefitted from this initiative in El Salvador.

Taiwan Youth Overseas Service

There are three servicemen in El Salvador. Their main responsibility is to assist the technical mission in successfully implementing various projects. They are also involved in administration work.



▲ Specialists demonstrating bamboo home construction techniques in El Salvador



▲ Technical Mission Vegetable Production Extension Project

Guatemala



Fast Facts

Capital:

Guatemala City

Languages:

Spanish, Amerindian languages

Population:

11.1 million

Area:

108,890 sq km

Religions:

Christianity, Indigenous Mayan beliefs

Currency:

Guetzal



Economic Overview and Outlook

Guatemala is the largest economy in Central America, accounting for about one third of regional GDP. The economy is predominantly agricultural, with more than half of the country's labor force engaged in farming, forestry and fishing.

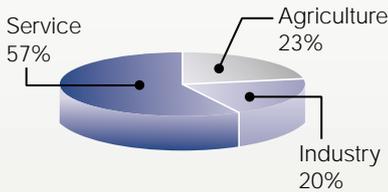
The economy is dominated by the private sector, which generates about 85 percent of GDP. Agriculture contributes 23 percent of GDP and accounts for 75 percent of exports. Most manufacturing is light assembly and food processing, geared to the domestic, US and Central American markets. Over the past several years, tourism and exports of textiles, apparel and nontraditional agricultural products such as winter vegetables, fruit and cut flowers have boomed, while more traditional exports such as sugar, bananas and coffee continue to represent a large share of the export market.

Guatemala is the only oil producing country in Central America. Its reserves have attracted interest because of their proximity and similarity to the productive Tabasco formations in Mexico. Problems hindering economic growth include illiteracy and low levels of education; inadequate and underdeveloped capital markets; and lack of infrastructure, particularly in the transportation, telecommunications and electricity sectors. In 1998, Hurricane Mitch hit Central America, and damages in Guatemala were estimated at US\$550 million. Ongoing challenges include increasing government revenues, and negotiating further assistance from international donors.

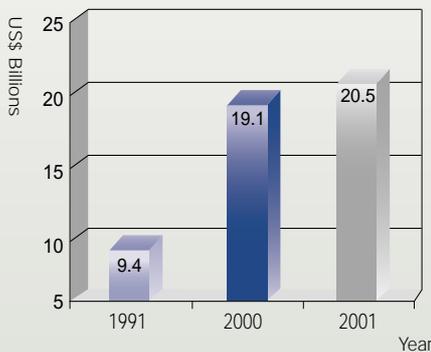
The largely rural, Mayan population of Guatemala lives in extremely difficult conditions. An estimated 56 percent of Guatemalans live in poverty, illiteracy is estimated at 31 percent, and life expectancy is 65 years. Less than half of the rural population has access to running water, only 25 percent have access to electricity, and less than 10 percent possess modern sanitary facilities.

According to the World Bank, Guatemala had an external debt of US\$3.567 billion in 2001 and received US\$225 million in foreign assistance. The United States, Japan and the EU were the largest donors.

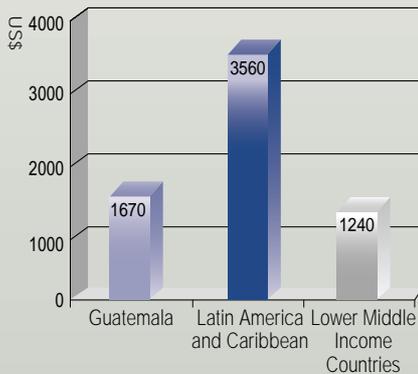
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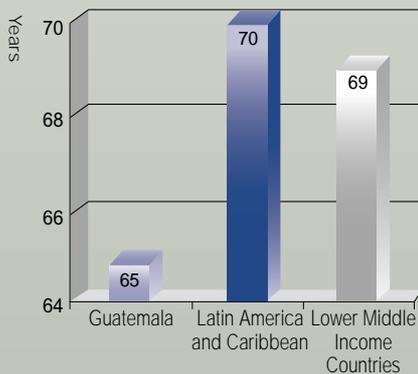
GDP



GNI Per Capita 2001



Life Expectancy 2001



Guatemala at a Glance

ICDF Operations

There are currently two missions in Guatemala conducting a variety of agricultural and trade related projects. Two technical assistance projects and one investment and lending projects are also being conducted. The goals of these projects include agricultural upgrading, post hurricane reconstruction, SME and trade development, and technical and vocational educational improvement.

Technical Mission

Peten Agriculture Production Project

The overall goals of this project are to strengthen farming cooperatives in order to help them achieve self sufficiency. The technical mission expanded the production and export of high value vegetables, assisted in the improvement and expansion of food processing technology and equipment, reduced processing costs, and cooperated in agricultural research and development. The ICDF technical mission worked with the Guatemala Department of Agriculture and Livestock in the implementation of this project.

Horticultural Development Project

This project is cooperating with the Institute of Agriculture in technology transfer, crop development and extension, and production and sales methods. The project assisted Guatemala in the selective breeding of superior, high yield crop varieties suitable for domestic cultivation, improved horticultural crop cultivation methods and post harvest processing technology, and organized vegetable production marketing teams. It also propagated tropical fruit trees. Overall, the mission has succeeded in strengthening agricultural institutions in this nation.

Bamboo Construction Development Project

This project helped to develop bamboo construction techniques through training and technology transfer, promoting bamboo structures for different purposes, guiding strengthened management of existing bamboo plantations, and assisting in the propagation of bamboo seedlings. In cooperation with the Vocational Training Bureau, the mission conducted bamboo construction training classes and helped to build bamboo structures and houses. It also compiled a bamboo construction and extension handbook.

The Investment and Trade Service Mission

Investment Assistance and Promotion Project

The primary goal of this project is to examine the environment for investment opportunities and to search for industries that have potential for development through foreign investment. The project involved investigating market situations, providing information and promoting investments.

Export Promotion Project

The project focuses on encouraging Taiwanese businesses to invest in Guatemala. By promoting exports, the ICDF hopes to stimulate the commercial market throughout Central America, while helping Taiwanese firms to find new markets for their products. The ICDF is also helping to open foreign trade opportunities for farmers in Guatemala.

Technical Assistance Project

SME Advisory Project – Wood Furniture Industry

This project is providing assistance to the wood furniture industry to help elevate the overall quality and increase product competitiveness. Specialists were sent to conduct research, hold seminars, and provide related education and training.

Investment and Lending Projects

Rio Polochic Region Recovery Program

The ICDF provided US\$4 million to assist Guatemala in rebuilding basic facilities and houses in the areas affected by Hurricane Mitch in 1998. Communities along the river that were washed away by tropical storms and floods have been involved in the rebuilding process. The program has combined major sectors and areas into an integrated project

covering education, health, water systems, sanitation and bridges.

Technical Education and Training Project

This project is raising standards of technical human resources needed for industrial development in order to promote economic development and elevate education levels in Guatemala. The ICDF provided a loan of US\$8 million to help Guatemala set up a technological and vocational school in the southern city of Escuintla.

Taiwan Youth Overseas Service

There are three servicemen in Guatemala. They are specializing in agriculture, horticulture, economic and are assisting in administrative work.



Honduras



Fast Facts

Capital:

Tegucigalpa

Languages:

Spanish, Amerindian dialects

Population:

6.3 million

Area:

112,090 sq km

Religion:

Christianity

Currency:

Lempira



Economic Overview and Outlook

Located in the middle of Central America, Honduras has a mountainous interior that includes one of the largest unspoiled tropical forests in the Mosquitia region, and the archeological site at Copan that contains one of the region's most impressive displays of ancient Mayan culture.

During the past decade, successive governments have lowered trade barriers, dismantled price controls and encouraged foreign investment.

The agricultural and livestock sector, the most important area of economic activity in Honduras, accounted for about 14 percent of GDP and employed more than 40 percent of the work force in 2001. Exports of the major export crop, coffee, accounted for nearly 11.7 percent of all Honduran exports in 2001, reaching US\$161 million. Hurricane Mitch wreaked havoc in the country in the fall of 1998, causing US\$3 billion in damages. Hardest hit was the all-important agricultural sector, which is responsible for the majority of exports.

The nation enjoys expanded trade privileges under the Enhanced Caribbean Basin Initiative and benefits from debt relief under the HIPC Initiative to foster economic growth. Although the country's social indicators indicate steady improvement in many areas over the past two decades, they remain among the lowest in the region. Close to two thirds of households live below the poverty line, and illiteracy affects 25 percent of the population. Life expectancy is 66 years.

According to the World Bank, Honduras had an external debt of US\$5.121 billion in 2001 and received US\$678 million in foreign assistance. The largest donors were the IDA, the IDB, and the United States.

ICDF Operations

There is currently one technical mission working on three projects dealing with agriculture improvement, animal husbandry, and aquaculture. There are also three technical assistance projects dealing with SME development, and four investment and lending projects involving small farmer credit, irrigation and housing reconstruction. All activities are promoting economic growth, social development and poverty alleviation.

Technical Mission

Crop Production Project

The technical mission is implementing this project with the help of the Honduras Department of Agriculture, Bureau of Agricultural and Livestock Technology. It has established a rice propagation system to produce superior seed rice, and is offering small loans to farmers and establishing production marketing teams. It has also installed new horticultural equipment for propagation of superior seedlings and assisted the farmers in growing and exporting high quality fruits and vegetables.

Hog Breeding Project

This project is improving the quality of local pork, increasing productivity, promoting pork consumption, and raising the incomes of hog raisers. It has produced superior breeder hogs and piglets and organized production marketing teams. Mission members have conducted training sessions, given lectures and held demonstrations.

Aquaculture Project

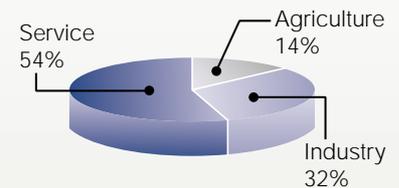
Under this project, the mission is providing training to technicians and fish farmers, extending aquaculture activities. It has bred red tilapia, and employed techniques such as artificial ova extraction, breeding and hatching to purify fish fry. The project has produced two million tilapia fry, extended cage culture of tilapia, and transferred fish fry propagation technology to fish farmers.

Technical Assistance Projects

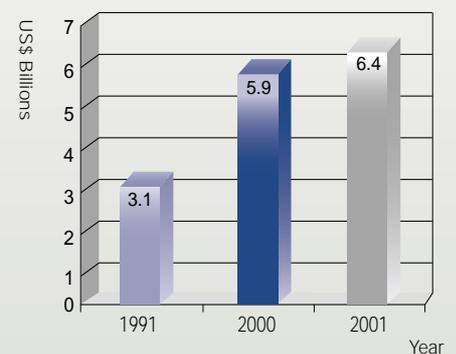
SME Advisory Project – Food Processing

The primary goal of this project is to develop the local food processing industry. The ICDF has been focusing on fruit and vegetable process-

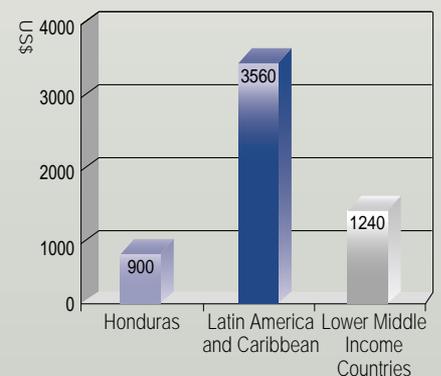
Structure of the Economy 2001 (%GDP)



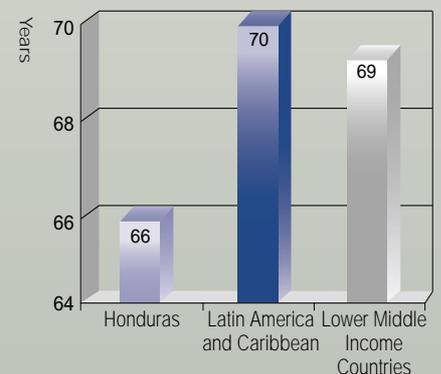
GDP



GNI Per Capita 2001



Life Expectancy 2001



Honduras at a Glance

ing and on providing assistance in manufacturing techniques, management and marketing.

SME Advisory Project – Shoe Manufacturing

The objective of the project is to help Honduras in developing a viable shoe manufacturing industry. The ICDF is achieving this by training local personnel, providing assistance in manufacturing techniques, training administration and management, and improving the marketing network.

Central American Trade Promotion Seminar

The ICDF and CABEI conducted this seminar in November with the goal of strengthening the relationship between the two organizations and improving export capabilities within the regional economy in Latin America.

Investment and Lending Projects

Housing Solidarity Reconstruction Program

The ICDF provided US\$6 million to rebuild houses in higher and more secure grounds for those poorest families whose assets, including land and houses, were completely destroyed by Hurricane Mitch. This program forms part of the post hurricane sector reconstruction program in Honduras. The project has already benefited some 2,000 families.

Small Farmholders Financing Scheme – Rice Production Program

To support the Rice Production Project in Honduras, the ICDF provided US\$60,000 for the training of farmers in advanced rice cultivation skills. This is helping to bolster economic development in Honduran rural areas. The scheme offers credit and financial assistance to small farmholders who participate in ICDF technical mission programs.

Small Farmholders Financing Scheme – Tilapia Raising Program

The scheme has provided US\$150,000 to assist small fishermen in productivity improvement and income enhancement.

Quimistan Valley Irrigation Project

The project lent US\$10.7 million for construction of irrigation facilities over the Blanco and Chiquila rivers. It also established a 50 hectares demonstration farm, which will serve as a training center for farmers. The facilities will be used to showcase new technology that will help farmers achieve sustainable high yields for a wide range of crops that can be grown profitably under irrigated conditions.

Taiwan Overseas Volunteers

One ICDF volunteer is helping to provide computer training at the Universidad Pedagogica Nacional Francisco Morazan (UPNFM) in Honduras.

Taiwan Youth Overseas Service

Three servicemen are currently serving in Honduras. They possess aquaculture and farming skills and are helping to breed and raise fish and livestock.

Nicaragua



Fast Facts

Capital:

Managua

Language:

Spanish

Population:

4.9 million

Area:

129,494 sq km

Religion:

Christianity

Currency:

Gold Cordoba



Economic Overview and Outlook

Located in Central America between Honduras and Costa Rica, Nicaragua covers about 130,000 square kilometers and has coastlines on both the Pacific Ocean and the Caribbean Sea. Nicaragua began a series of comprehensive free market reforms in 1991. It has reemerged as an inclusive democracy and is encouraging continued economic growth and sustainable development.

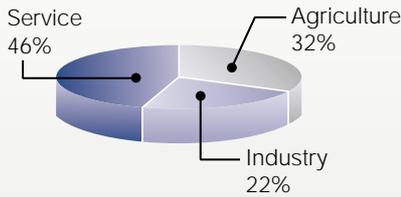
Nicaragua's economy had been performing well prior to Hurricane Mitch in 1998. The results of that disaster, which affected some of the country's most productive agricultural lands and caused major damage to key transport routes, had an impact on the economy of Nicaragua that will be felt for quite some time.

Despite these setbacks, the economy has made dramatic progress: privatizing more than 350 state enterprises, reducing inflation to eight percent, and cutting the foreign debt by half. The economy grew by three percent in 2001, with overall GDP reaching US\$2.6 billion. Nicaragua has always been an agricultural country, but there is also room for export based manufacturing, construction, tourism, mining, energy generation and the sale of certain consumer articles such as computers and automobiles. The agricultural sector in Nicaragua accounts for 32 percent of the GDP. Rapid expansion of the tourist industry has made it the nation's third largest source of foreign exchange.

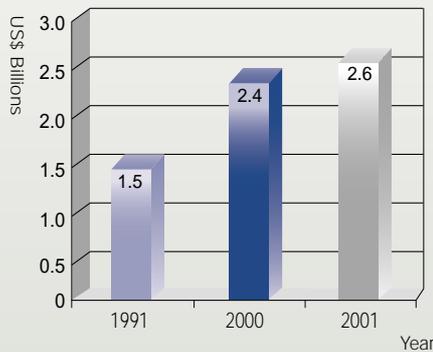
According to the World Bank, Nicaragua had an external debt of US\$7.12 billion in 2001 and received US\$928 million in foreign assistance. The IDA, the IDB and the United States were the largest donors. Approximately 50 percent of the population lives in poverty and almost half of the population lacks access to safe water. Illiteracy is still high at 33 percent. Life expectancy is 66 years.

Reducing poverty in Nicaragua requires special attention to accelerating the growth of the rural economy, mainly the agricultural sector, because most of Nicaragua's poor live in the countryside. Fortunately, with a low population density and good natural resources, Nicaragua has the basic conditions to achieve this.

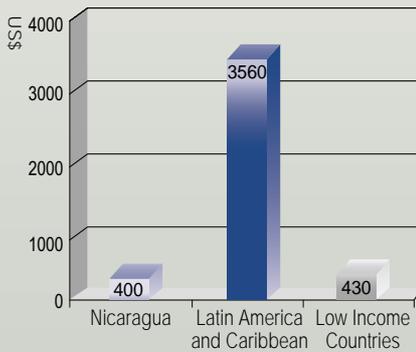
Structure of the Economy 2001 (%GDP)



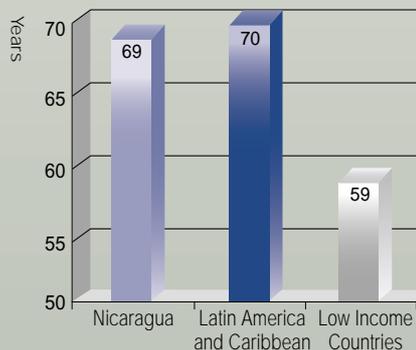
GDP



GNI Per Capita 2001



Life Expectancy 2001



Nicaragua at a Glance

ICDF Operations

There are one technical mission working on three agricultural improvement and diversification projects, two technical assistance projects dealing with shoe manufacturing and food processing, and two investment and lending projects involving financing and housing reconstruction.

Technical Mission

Oilseed and Rice Production Improvement Project

In cooperation with the Nicaraguan Office of Agricultural and Livestock Technology, other government agencies and NGOs, this project is purifying rice varieties, breeding promising new varieties, and extending production. In 2002, the mission organized production marketing teams, delivered instruction and performed training studies for oilseed specialists.

Horticultural Crop Production Improvement Project

In conjunction with the Nicaragua Department of Agriculture, this project is improving vegetable and seed varieties, working toward diversification for domestic and export markets, and organizing export vegetable production marketing teams. In 2002, the project compiled tomato and green pepper production data to apply for name registration with the Department of Agriculture. Tomato seeds were produced, and superior strains were selected. Four production marketing teams were organized, team protocols were established, a common fund was established, production contracts were signed, and new sales operations were initiated.

Superior Hog Breeding Extension Project

This project is improving small scale hog farming and management in northern Nicaragua. It is utilizing profits earned by the hog raisers to operate the Rivas Provincial Hog Breeding Farm and to establish a revolving fund. The Rivas Province was established as a hog plague free area. The project is providing superior breeder hogs and improving local hog varieties and quality, in order to expand domestic markets for Nicaraguan pork.

Technical Assistance Projects

SME Advisory Project – Food Processing

The primary goal of this project is to develop the local food processing industry by training local personnel and elevating the competitiveness of the industry. The ICDF has been focusing on fruit, vegetable, bakery, food processing as main development subjects and providing assistance in manufacturing techniques, administration, management and marketing.

SME Advisory Project – Shoe Manufacturing

The project's objective is to help Nicaragua in developing a shoe manufacturing industry. The ICDF plans to train local personnel, increase industry competitiveness, and provide assistance in manufacturing techniques, administration, management and marketing. The ICDF is also helping Nicaragua to develop a vocational training system, build up Spanish teaching materials, and train seed lecturers, so that the techniques can be successfully transferred.

Investment and Lending Projects

Small Farmholders Financing Scheme

The goals of this project are to improve the quality and increase the production of rice in Nicaragua; train members of the cooperative to improve its administrative and financial management systems; and improve the living standards of the cooperative's members by eliminating liabilities.

Housing Solidarity Reconstruction Program – Phase II

Phase II is designed to support individuals who lost their houses in municipalities that were affected by Hurricane Mitch (e.g., Nueva Segovia, Jinotega and the Autonomous Regions of the North and South Atlantic) and also to help those who were demobilized, repatriated and displaced when civil war ended in 1990.

Taiwan Overseas Volunteers

Three ICDF volunteers are currently in Nicaragua, teaching Chinese at the American University and the Chinese Center of Nicaragua.

Taiwan Youth Overseas Service

Four servicemen, specializing in computers, vocational training and animal husbandry are serving in Nicaragua.



▲ Superior rice cultivation farm in Nicaragua



▲ Housing Solidarity Reconstruction Program

Panama



Fast Facts

Capital:

Panama City

Languages:

Spanish, English

Population:

2.9 million

Area:

78,200 sq km

Religion:

Christianity

Currency:

Balboa



Economic Overview and Outlook

Panama is located on the southern end of Central America forming a land bridge between the two larger continents. The word “Panama” has various origins. According to history and the local indigenous language, it means an “abundance of butterflies.”

The Government of Panama actively promotes its long standing reputation as a globalized country. The economy has become largely serviced based with banking, tourism, and commerce playing important roles.

The well developed services sector accounts for 77 percent of GDP. Services include the Panama Canal, banking, the Colon Free Zone (the world’s second largest free trade zone after Hong Kong’s), insurance, container ports, flagship registry and tourism. A slump in Colon Free Zone and agricultural exports, the global slowdown, and the withdrawal of US military forces have held back economic growth in the past few years.

To counter the recent global economic downturn, the government is planning to execute public works programs, tax reforms and new regional trade agreements in order to stimulate growth. The agricultural sector in Panama contributes seven percent of the GDP and employs an estimated 18 percent of labor. The primary food crops produced are banana, cocoa, coconut, coffee, maize, potato, rice, soybean and sugarcane.

Although Panama has the highest GDP per capita in Central America, about 40 percent of its population lives in poverty. The unemployment rate surpassed 14 percent in 2002. According to the World Bank, Panama had an external debt of US\$3.39 billion in 2001 and received US\$28 million in foreign assistance. The largest donors were Spain, Japan, and the United States.

ICDF Operations

There are currently one technical mission working on three projects, one technical assistance project dealing with micro enterprises and the metal machine industry, and two investment and lending projects dealing with industrial park development and microcredit.

Technical Mission

Fruit and Vegetable Project

The project has led to the acquisition of vegetable and fruit strains, and the selection of varieties that are resistant to heat, disease and humidity for certified stock production and extension use. Members of the mission have produced and propagated fruit and vegetable seeds and provided training for Department of Agriculture and Livestock agricultural extension personnel and Department of Education farming instructors. They have created production marketing teams that are serving domestic markets, and organized agricultural exhibitions.

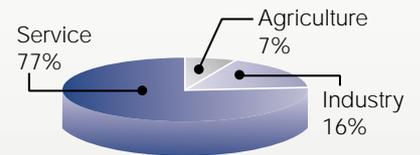
Aquaculture Project

Healthy, disease resistant shrimp larvae are being bred for supply to fish farmers, assistance is being provided in aquaculture farm management and production, and technical personnel are being trained. The project has led to the removal of diseased shrimp larvae from ponds, and the growing of healthy larvae. It has organized meetings to discuss successful shrimp production techniques and improve shrimp farming technology. It has also assisted solar salt cooperatives in diversifying their operations, provided internships and training to university students, and invited technical personnel to attend lectures.

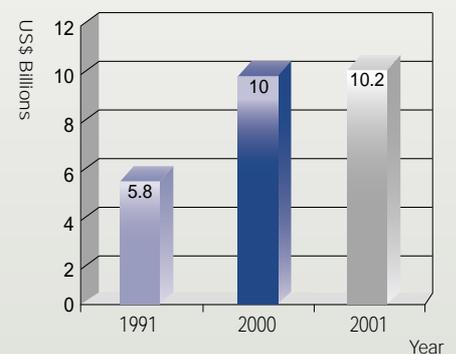
Fishing Village Development Project

The mission is providing technical assistance to keep fishing cooperatives on a sound footing. The technical mission stationed in the Los Santos province is providing instruction to local fishermen and cooperative members. The project is providing and maintaining new fishing equipment, conducting training in new fishing methods, developing inshore fishing grounds, and upgrading refrigeration and processing equipment. A small fishermen's fund has made possible the purchase of boats and equipment.

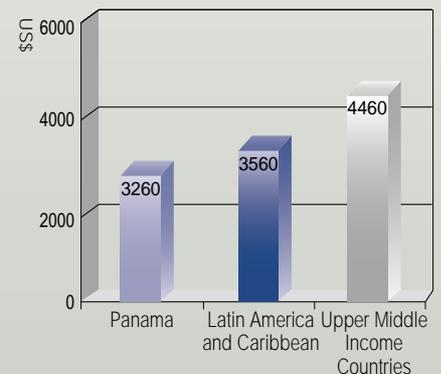
Structure of the Economy 2001 (%GDP)



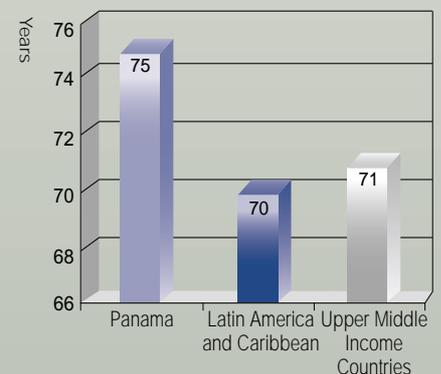
GDP



GNI Per Capita 2001



Life Expectancy 2001



Panama at a Glance

Technical Assistance Project

SME Advisory Project - Metal Machine Industry

This project is providing consultancy to strengthen industrial production and developing strategic industries to make more jobs available, create wealth and stabilize Central American economies. In 2002, the ICDF cooperated with the Bureau of Vocational Training (INAFORP) in conducting six workshops on welding and heat treatment procedures.

Investment and Lending Projects

Fort David Industrial Park Development Project

For this project, the ICDF provided a loan of US\$7 million to Corporacion Sino-Panamena de Inversiones through the International Commercial Bank of China (ICBC). This loan was divided into two parts: Loan A finances the infrastructure of Phase I of the Fort David processing zone, which includes 28 hectares of land; and Loan B finances the administrative expenses of the company setting up operation there for the first two years.

Small Fishermen Financing Scheme

This project will equip qualified fishermen with production materials, boats and engines. In the second stage of the project, the benefits are being extended to fishermen's organizations to help upgrade equipment and improve functions such as sales and marketing. This project is organized into two major components. In the first, small loans are made by fishermen's organizations to the individual fishermen for short term financing. In the second, the ICDF will seek a nongovernmental organization or participating bank to relend the loan to fishermen's organizations for equipment upgrades.

Taiwan Overseas Volunteers

The ICDF is very active in Panama with 15 volunteers in the country. They are helping to promote Chinese culture by teaching Mandarin Chinese and dance. Volunteers are also involved in nursing, teaching English, computer training and development of travel information.

Taiwan Youth Overseas Service

There are three servicemen in Panama. They possess skills in agriculture techniques and aquaculture development.



▲ Specialists in Panama advising on fishery industry development



▲ Taiwan Overseas Volunteer teaching computer class

Paraguay



Fast Facts

Capital:

Asuncion

Languages:

Spanish, Guaraní

Population:

5.6 million

Area:

406,750 sq km

Religion:

Christianity

Currency:

Guaraní



Economic Overview and Outlook

Paraguay is a sparsely populated country whose political and economic history has been heavily influenced by its relationships with its MERCOSUR (Southern Cone Common Market) neighbors: Argentina, Bolivia and Brazil.

Paraguay has a predominantly agricultural economy, with an important commercial sector. Agricultural activities, most of which are for export, represent about 20 percent of the GDP. More than 200,000 families depend on subsistence farming activities and maintain marginal ties to the larger productive sector of the economy. The economy is dependent on exports of soybeans, cotton, grains, cattle, timber and sugar. Soybeans and cotton account for over 60 percent of exports.

The economy exhibits many desirable characteristics. Following trade liberalization measures in 1989, the economy has remained very open. Its performance on fiscal, monetary and exchange rate policies during the 1990s has also been relatively good, with low central government deficits and single digit inflation during the first half of the last decade.

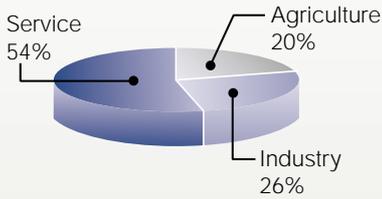
However, Paraguay continues to suffer from heavy foreign debt, high inflation and high unemployment. Approximately 30 percent of the population lacks regular access to health services. The shortage of reproductive health services has contributed to high maternal mortality and one of the highest fertility levels in Latin America. Many citizens lack access to basic services such as education, potable water, sewer systems, solid waste collection and basic infrastructure.

According to the World Bank, Paraguay had an external debt of US\$2.81 billion in 2001 and received US\$61 million in assistance. The largest contributors were Japan, the IDB and Germany.

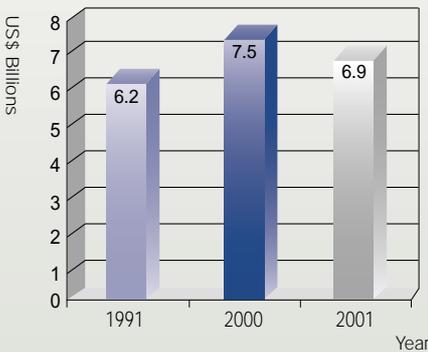
ICDF Operations

There is currently one technical mission working on three agricultural improvement projects. One technical assistance and two investment and lending projects are also being conducted.

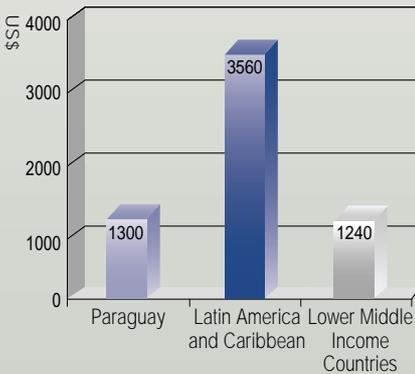
Structure of the Economy 2001 (%GDP)



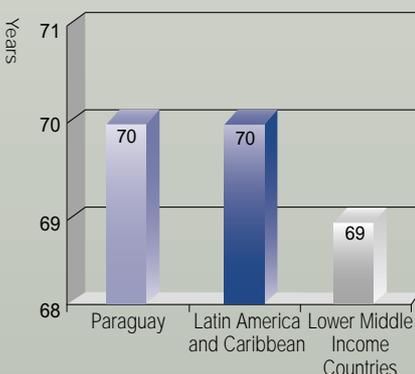
GDP



GNI Per Capita 2001



Life Expectancy 2001



Paraguay at a Glance

Technical Mission

Agricultural and Livestock Production – Sales Center Project

The objective of the project is to assist farmers in extending production, develop markets, implement collective shipment and sales programs, reduce costs, and integrate production and sales. Production marketing team members received training at the extension centers, were given necessary loans, and were assisted in transporting and marketing their crops.

Horticulture Project

The primary goal of this project is to organize production marketing teams to participate in flower shows and sales center operations. By establishing specialized flower growing zones, training floricultural technicians, establishing floricultural production marketing teams, and assisting flower growers in expanding the domestic flower market, the technical mission hopes to reduce flower imports and foreign exchange outflow. Since the project has been implemented, a variety of flower seedlings has been produced in cooperation with the Department of Agriculture Tissue Culture Laboratory, and seedlings have been sold to growers at reasonable prices.

Hog Raising Project

This project is helping to breed superior hogs and providing extension training in hog raising technology. Superior breeder hogs are being bred and hog raising technology extension training is being provided. Local farmers are raising corn to supply feed to core hog raisers. The project is assisting small farmers to produce feed from available raw materials, and disseminating hog farming as a business concept to other small farmers.

Technical Assistance Project

Synergy System Development Project

This project is developing a Center – Satellite industrial system that will enable SMEs to function as suppliers for large industries. In 2002, the project selected the garment and metal industries for consultation and demonstration. Center – Satellite systems are collaborative networks of larger downstream manufacturing industries (center companies) and smaller upstream suppliers (satellite companies). With their deeper and broader resources, center companies are able to convey essential technology, management skills and quality control techniques to suppliers, who in turn supply the manufacturers with components and materials of higher

quality. Widely used in support of its own SME development, Taiwan's Center – Satellite system has included a rigorous registration process, incentives encouraging companies to join the movement, consultation and training programs, and promotional activities.

Investment and Lending Projects

SME Relending Project

The primary objective of the project is to accelerate SME development in Paraguay and help SMEs overcome their resource constraints and increase their level of investment. The target beneficiaries are the SMEs which have at least 40 percent Paraguayan ownership and are engaged in either the textile, wood or food processing or manufacturing industries.

Industrial Park Development Project

This project is helping to stimulate the manufacturing industry in Paraguay by developing a 40-hectare industrial park in Ciudad de Este.

Education and Training Project

Cooperative Projects with World Links

The ICDF is cooperating with World Links in funding and supporting the use of the Internet in secondary education in Paraguay and four other nations. Students are learning computer skills and expanding their knowledge of other nations. Over 68 schools, 600 teachers, and 5,000 students have benefitted from this initiative in Paraguay.

Taiwan Youth Overseas Service

There are currently four servicemen in the country. They are specializing in commerce, agriculture and veterinary medicine and are helping to manage the horticulture display center and elevate the standard of hog breeding.

