

- ① Costa Rican Guava pulp processing plant
- ② Horticulture project in El Salvador
- ③ The ROC-CAEDF Board



## Central and South America

Improved macroeconomic policies and fiscal management, trade liberalization and other economic reforms instituted in Central and South America have resulted in improved economic growth in recent years (4.4 percent annually, from 1991-2000). Central and South American nations are cooperating more, and have actively negotiated bilateral free trade agreements and participated in regional economic integration. Furthermore, improvements in public health, education and literacy have led to greater stability and 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 become more sensitive to global trends. The economic slowdown in 2001 sharply curtailed growth in Central and South America. Some nations that had developed technology industries, such as Costa Rica, were hurt by slumping demand. Exacerbating this, a collapse of coffee prices negatively impacted growth rates in agriculturally based countries. Across Central and South America, GDP growth was expected to be about two percent in 2001, down from 3.8 percent in 2000 (all above data from the World Bank).

The ROC currently maintains formal diplomatic relations with the Central and South American nations of Belize, Costa Rica,

El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay. International organizations and the nations of 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 educational system improvements. The ICDF oversaw 58 projects in nine host nations in Central and South America in 2001, addressing several of these areas. Key projects in trade promotion and regional cooperation, industry and agribusiness growth, and educational system development are described below.

### Trade Promotion and Regional Cooperation

The ICDF signed a letter of intent with CABEI in October, to deepen economic and technical cooperation between the ROC and CABEI member nations. Also in October, the ICDF and the Nicaraguan Ministry of Development, Industry and Commerce and Nicaragua's National Technical Institute signed a memorandum to enhance cooperative work. As part of the agreement, the ICDF will dispatch additional experts to provide professional assistance and management consulting to SMEs in Nicaragua.



A principal vehicle promoting trade and regional cooperation between the ROC and Central American nations is the ROC-Central American Economic Development Fund (ROC-CAEDF). The Fund supplies financial assistance and other resources to promote and deepen economic, trade and investment cooperation between the ROC and Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. This year the ROC-CAEDF admitted seven new participants in its Executive Training Program, approved the budget for the Central American Trade Office in Taipei, and sponsored six students participating in graduate study programs at National Pingtung University of Science and Technology, and National Chengchi University in the ROC.

#### The ROC-Central American Economic Development Fund

The ROC-CAEDF, founded in 1998, finances projects proposed by member nations that strengthen long-term economic and cooperative relations between and among these nations and the ROC. Projects promote regional integration and economic development, perform social and economic research, improve local, regional and state agencies and institutions, and support the ROC-CAEDF Executive Training Program.

#### Industry and Agribusiness Growth

Central and South American industry is growing at a healthy pace, with SMEs currently enjoying stable and balanced

growth, manufacturing taking root in many nations, service industries emerging rapidly, and-because Central America is blessed with many cultural treasures, beautiful environments and a warm climate-tourism a focal point of development efforts. The ICDF this year assisted Central American nations in designing and implementing industrial and SME strategies, fostering cooperation among businesses in the region, providing lending and financing, and developing tourism.

#### Belize Tourism Development Project

The ICDF is cooperating with the IDB to help Belize promote tourism and develop local businesses and communities, and improving access to the magnificent Caracol Mayan ruins in west central Belize. Belizean institutions the ICDF is cooperating with on this project include the Belize Department of Archeology and the Belize Ministry of Tourism and Youth.

Although business development in Central America is promising, most of the nations the ICDF cooperates with in the region are still agriculturally based, exporting products such as coffee, bananas, sugar and beef. These industries are sensitive to changes in commodity prices (such as the collapse in coffee prices noted above) and global economic trends such as elimination of protectionist policies. Many of these nations need additional training and hands-on experience in modern agribusiness production and marketing, to strengthen and diversify their agricultural sectors. To lessen



- ① The Department of Agriculture tissue culture laboratory in Paraguay
- ② The Belize Tourism Development Project is preserving historic Mayan cultural sites
- ③ Women's handicrafts industry in Guatemala



reliance on crops with declining market value, enable production of new food products, and pave the way for agribusiness development, ICDF agricultural cooperation in Central and South America has shifted from simple demonstration programs to more comprehensive strategies. New food and agribusiness industries, linked through vertical and horizontal integration, are being developed; farmers are being organized into Production Marketing Teams; lending enabling farm and agribusiness growth is being provided; and processed food production is being developed, which is reducing reliance on higher-priced imported processed foods which had originally been exported as lower-priced raw agricultural products.

**Costa Rican Guava Pulp Processing Manufacturing Plant; Belizean Dried Fruit Project**

These projects are providing funds and technology to local farming cooperatives and independent farmers for fruit processing, increasing the added value of their raw produce.

**Education System Development**

Education and training remain linchpins 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. The successful project is now being replicated in neighboring nations, which will strengthen labor skills throughout the region.

**ICDF Central and South America Projects, 2001**

<p><b>Belize</b></p> <ul style="list-style-type: none"> <li>• Rice production and technology transfer project</li> <li>• Vegetable and cereal grain production improvement and extension project</li> <li>• Food processing project</li> <li>• Southern Highway rehabilitation project</li> <li>• Small farmholder financing scheme</li> <li>• Tourism development project</li> <li>• Public housing project</li> <li>• Overseas volunteers project</li> </ul>	<p><b>Costa Rica</b></p> <ul style="list-style-type: none"> <li>• Fruit tree and floriculture project</li> <li>• Atlantic fisheries project</li> <li>• Bamboo processing and planting project</li> <li>• Public highway project from Naranja to Florencia</li> <li>• Terminal Moin Port expansion project</li> <li>• Lending for guava pulp manufacturing plant</li> <li>• Credit project for small farming</li> <li>• Export processing zone</li> <li>• Infrastructure project (jointly with CABEL)</li> </ul>
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- SME re-lending project (jointly with CABEI)
- Overseas volunteers project
- Seven-nation Central American SME technical assistance project

### Ecuador

- Development of a specialized coastal irrigated vegetable-growing zone
- Rice Cultivation project

### El Salvador

- Vegetable production extension project
- Fruit tree project
- Aquaculture project
- Environmental Pollution Control Project in Critical Areas of El Salvador
- Hurricane Mitch reconstruction project
- Bamboo Housing project
- SME re-lending project (jointly with CABEI)
- Overseas volunteers project

### Guatemala

- Peten agricultural production project
- Horticultural crop development project
- Bamboo housing project
- Investment and trade development project
- Hurricane Mitch recovery project
- Infrastructure project (jointly with CABEI)
- SME re-lending project (jointly with CABEI)
- Seven-nation Central American SME technical assistance project

### Honduras

- Crop production project
- Hog raising project
- Aquaculture project
- Quimistan Valley irrigation project
- Hurricane Mitch reconstruction project
- Small farmholder financing schemes (2)
- Intensive road maintenance and

improvement project

- SME re-lending project (jointly with CABEI)
- Seven-nation Central American SME technical assistance project

### Nicaragua

- Horticultural crop production improvement project
- Oilseed and rice production improvement project
- Hog breeding extension project
- Hurricane Mitch reconstruction project (Phase II home rebuilding project)
- Lending project for small farmers cultivating vegetables for export
- SME re-lending project (jointly with CABEI)
- Overseas volunteers project
- Seven-nation Central American SME technical assistance project

### Panama

- Fruit and vegetable project
- Aquaculture project
- Fishing village development project
- Fort David industrial park development project
- Small farmholder financing scheme
- Overseas volunteers project
- Seven-nation Central American SME technical assistance project

### Paraguay

- Farming and livestock production-marketing center project
- Horticulture project
- Hog raising project
- SME re-lending project
- Corporate synergy system project (third year)
- Industrial zone development project

### Peru

- Emergency earthquake relief