

Latin America and the Caribbean

Economic Infrastructure Development, Response to Global Issues, and Support for Disparity Correction to Establish Pro-Japanese Countries in the Region Farthest from Japan



Mexico: A chief advisor inspecting the production line at an auto parts factory (Project for Automotive Supply Chain Development) (Photo by Kenichi Imamura)

Regional Issues

- Tangible and intangible development of economic infrastructure is required to improve productivity and address urbanization.
- Making much-needed efforts to address global issues such as climate change, disaster risk reduction (DRR) and environmental conservation.
- It is important to support the correction of the historically large rich-poor gap in the region.

Fiscal 2016 Initiatives

- The Co-financing for Renewable Energy and Energy Efficiency (CORE) conducted jointly by the Inter-American Development Bank (IDB) was expanded with the aim of implementing co-financing using ODA Loans worth \$3 billion by fiscal 2020.
- JICA reached an agreement on providing assistance in the health care sector in Cuba.
- We strengthened cooperation with *Nikkei* communities through private-sector collaboration and development of human resources for the next generation.

Future Cooperation

- By working with private companies, JICA will provide support for “quality growth” to meet increasing infrastructure demands.
- While promoting renewable energy and energy saving, developing human resources for disaster risk reduction, and supporting environmental conservation efforts, JICA will also work on correcting economic disparities in the region.
- We will further strengthen ties with *Nikkei* communities and develop human resources who are familiar with Japanese affairs.

Central America and the Caribbean

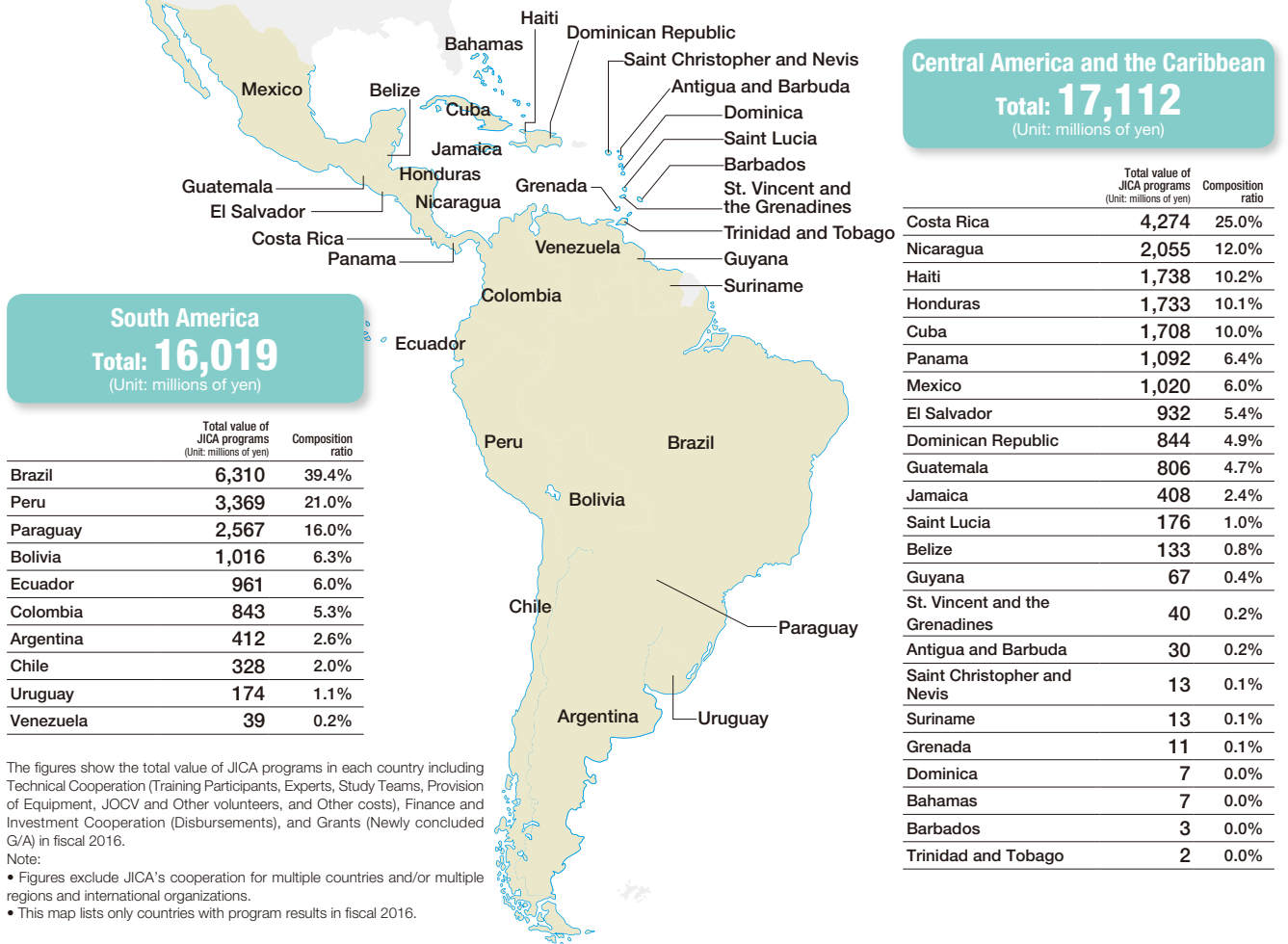
Many Central American countries are achieving stable economic growth today, and the Caribbean region is also maintaining a certain degree of economic growth supported mainly by the tourism industry. However, armed conflicts that continued from the 1960s in El Salvador, Guatemala, Honduras, and Nicaragua have seriously affected socioeconomic development in the Central American region. With the progress of peace negotiations, democracy began to take root in the region after the 1990s. But there are still remaining issues.

While many countries in the region have achieved medium income levels, there are no internationally competitive industries that can advance the national economy. It is also true that some countries are economically dependent on remittance of money from migrants residing in the United States. Foreign nations are also reluctant to make investments due to rising labor costs and poor public security. Such problems have caused these countries to fall into the “middle-income trap¹.” In this context, JICA is engaged in supporting the development of quality economic infrastructure to prevent low-income nations from falling into the trap and allowing middle-income countries to enjoy steady growth.

The Central America and Caribbean region are vulnerable to the

1. An economic situation in which a fast-growing developing country has reached a middle-income level and successfully reduced poverty, but has lost its international competitiveness in export manufacturing and its past growth momentum, due mainly to rising wages.

JICA Programs in Latin America and the Caribbean (Fiscal 2016)



impact of climate change and frequently affected by earthquakes, tsunamis, hurricanes, and other natural disasters. Specifically, torrential rain disasters possibly due to climate change in recent years have been a huge concern in the region; thus, it is becoming an urgent task to establish a sustainable and resilient society.

Despite the acceleration in economic growth, internal economic disparity is becoming more acute in the region, which has resulted in the poor being confronted with limited access to basic education, health care, safe water, and other public services. Such a social problem can further exacerbate poverty and widen economic gaps. Therefore, inclusive development needs to be promoted to allow more people to enjoy social services equally.

● **Economic Infrastructure Development: Productivity Improvement and Response to Urbanization**

In Latin America and the Caribbean, JICA has worked on developing all aspects of economic foundations, including infrastructure improvement and human resources development in order for each country to achieve “quality growth.”

In Mexico, since the Japan-Mexico Economic Partnership Agreement came into effect in April 2005, Japanese-affiliated companies, mainly in automobile-related industries, have actively expanded their business into the country, creating increased opportunities for supporting industries. Mexico, however, has failed to make full use of the opportunities due to insufficient labor

and technology. JICA works on cultivating highly skilled Mexican engineers who are needed for the automobile industry, while also improving the quality, productivity, and competitiveness of local small and medium enterprises. JICA is promoting effective win-win cooperation between Mexico and Japan by collaborating with Japanese enterprises.

In Nicaragua, JICA has carried out the Project for Urban Development Master Plan for Managua City. The population growth rate in the suburban area around Managua, capital of Nicaragua, was around 26% during the period from 2005 to 2012; the capital sphere has been expanding to areas around Managua City. In order to address unplanned urbanization and make future socioeconomic development more adequate and of better quality, JICA assists Nicaragua in developing the basic plans for sustainable urban formation by utilizing Japan’s wide knowledge and experience of urban development and disaster prevention based on the know-how of its efficient land utilization.

● **Response to Global Issues: Climate Change Strategies, Disaster Risk Reduction, and Environmental Conservation**

In the Central America and the Caribbean region, JICA supports efforts to address global issues to realize a sustainable and resilient society.

In the field of climate change strategy, JICA and the Inter-American Development Bank (IDB) jointly provide Nicaragua with

a co-financing program to introduce energy-saving equipment (LED bulbs, etc.) to the country, which is highly dependent on thermal power generation. In the renewable energy area, JICA and IDB also work together under the co-financing program to renovate and reinforce hydroelectric power plants in Honduras and promote geothermal power development in Costa Rica [→ see the Case Study below].

For disaster risk reduction, JICA focuses on creating a disaster-resistant society through “mainstreaming of disaster risk reduction,” which is incorporated in the development of various sectors. This is because human and economic damage caused by

disasters prevents sustainable development in the disaster-prone Central American region.

In El Salvador, based on the findings of the Project for Capacity Development of the Department of Climate Change Adaptation and Strategic Risk Management for Strengthening of Public Infrastructure, JICA created the *Central American Regional Road and Bridge Infrastructure Hydraulic and Hydrological Measures Manual*, which contains technical proposals for planning and designing bridges and roads based on accurate flood simulation data, road infrastructure project models, and standard design specifications. In July 2016, this manual was officially approved by the Sectoral Council of Transport Ministers of Central America (COMITRAN) as a standard manual for the Central American region as a whole; accordingly, this manual is today widely utilized not only in El Salvador, but also in the Central American region.

In the Caribbean region, where the fishing industry is important, it is pointed out that unplanned overfishing has reduced fishery resources in recent years. JICA is currently working with fishermen and administrative bodies to control fishing operations for sustainable development of an environmentally friendly fishing industry.

Case Study

**Costa Rica:
Guanacaste Geothermal Development
Sector Loan**



Utilization of Renewable Energy to Mitigate Climate Change Impacts

In Costa Rica, firm economic growth in recent years has resulted in steadily increasing power demand, and the country has faced the necessity of developing new power sources. Costa Rica, with no oil or other fossil-fuel resources, became the first country, other than developed countries, to set the goal of achieving carbon neutrality* by 2021, and its basic policy for developing the electricity sector is to mainstream renewable energy. In particular, geothermal renewable energy has been expected as a renewable energy source to supply stable power throughout the year.

To assist Costa Rica’s efforts, the Memorandum of Geothermal Development in Costa Rica was concluded in 2011 between JICA and the Costa Rican Electricity Institute; JICA has conducted surveys in Guanacaste Province to support the geothermal resource development. This ODA Loan project aims to mitigate climate change impacts and contribute to Costa Rica’s sustainable development by constructing multiple geothermal power plants in the province and enhancing the power-supply capacity. JICA supports geothermal development projects, whose source is renewable energy, through resource development, civil engineering work for power plant construction, procurement of generators and related equipment, and consulting services.

* A concept that the amount of artificially emitted carbon dioxide is controlled to be lower than the amount of absorption to maintain the balance.



Geothermal well testing

● Support for Disparity Correction from the Human Security Perspective

In the Central America and Caribbean region, JICA supports the capacity building of local governments to rectify economic disparities. In the context of the increasing income gap between urban and rural areas in the Central American region, administrative power has been transferred to local governments to promote locally oriented development. However, local development has remained stagnant due to their vulnerable implementation structure and lack of knowledge and experience in formulating and implementing development plans that meet local residents’ needs.

In Honduras, the Project for Strengthening the Capacity Development of the Local Governments for Regional Development was commenced in 2006 to provide consistent support for the introduction and stabilization of the following four-step development process: (1) residents’ participatory survey on the community situation, (2) community development planning, (3)



A project to construct a school building using local resources. Each of the 13 community groups works every day in turns. Staff members from the city association in Honduras provide advice so that Ministry of Education standards are met. (Honduras: Project for Strengthening of the Capacity Development of the Local Governments for Regional Development)

municipal development planning, and (4) project implementation. This process successfully promoted residents' voluntary participation.

For development, especially in poor rural areas, JICA also carries out training programs for the Central American region by applying the Life Improvement Approach, which was established based on the experience of Life Improvement Promotions conducted in rural areas in postwar Japan.

The Life Improvement Approach is intended to “enhance the agency of rural residents” and “improve their lives” based on the following concepts: (1) self-determination: discovering, thinking, learning, and deciding by themselves; and (2) improvement: improving things and situations without spending money or using advanced technologies. Participants in these training programs are working as extension workers in their countries to promote resident-driven life improvement activities, and JICA continues to support their efforts.

South America

South America, rich in resources and fertile soil, achieved steady economic growth in the 2000s, spurred by rising prices of, and increased worldwide demand for, resources and food. On the other hand, due to the recent downturn in resource prices and deterioration of terms of trade, some South American nations have been slow to shift from their conventional industrial structure, which is dependent on primary commodities, resulting in sluggish economic growth. In order to assist the countries of Latin America and the Caribbean in breaking free of the “middle-income trap” and achieving further economic growth, JICA is providing support for infrastructure development, which requires an enormous amount of investment. Furthermore, JICA is assisting these countries in enhancing their administrative capability as a foundation to facilitate private economic activities and ensure public security, as well as ameliorating urban environmental problems, which have become increasingly serious as the region's economy has grown.

Natural disasters, which claim many lives and cause considerable economic losses in a short span of time, are also a common issue among countries in South America. JICA also contributes to addressing such global issues. For example, JICA carries out emergency disaster relief and provides technical cooperation and financial assistance for developing countries to take prompt action in the wake of disasters and for disaster risk reduction activities.

Considering that there are many people left behind by economic growth and still living in poverty, JICA is also working on enhancing social safety nets for people living in less-developed countries and those being left behind by development as well as stabilizing social order in the region.

Working together with various development partners, including international organizations, private companies, universities and the *Nikkei* communities, JICA is addressing these issues, with a focus on the following three pillars of aid: economic infrastructure development, response to global issues, and support for disparity

correction from the human security perspective. With development partners such as Brazil, Chile, and Argentina, JICA also supports triangular cooperation for countries within and beyond the region.

● Economic Infrastructure Development: Productivity Improvement and Response to Urbanization

A number of countries in South America, despite having been freed of poverty, have been caught in the “middle-income trap,” due to their lack of price competitiveness against low-income countries and lack of technical skills in comparison to advanced nations. In order to achieve “quality growth” in such countries,

Case Study

Paraguay:
Dispatch of the Partnership Promotion Survey Team for *Nikkei* Communities in Latin America and the Caribbean



For Establishing a New Relationship between Japanese Companies and *Nikkei* Communities

Every year since 2013, JICA has dispatched survey teams to the region calling for participation from Japanese companies aiming for them to work with *Nikkei* people in the Latin American and Caribbean region and address development issues there together, as well as encouraging these Japanese companies to expand their business into the region.

JICA dispatched three survey teams to Paraguay in 2013, 2015, and 2016, creating new opportunities for participating companies to expand their business in the country. In 2016, a Japanese company that manufactures and sells automobile parts opened its local office in Paraguay. Another Japanese firm that plans, develops, and sells sesame-seed products also targeted sesame seeds, which were widely cultivated originally by *Nikkei* people in the country. The company introduced Japan's sesame seed processing technology through JICA's program of Support for Japanese Small and Medium Enterprises (SMEs) Overseas Business Development. They make trial products using sesame seeds produced by local small farmers; in this way, the company is working on developing, selling, and popularizing original products in the region.

The 2016 survey team, composed of 13 companies, visited the sites of Japanese and Japanese-affiliated companies engaged in automobile parts manufacturing, shipbuilding, and exporting sesame seeds. The survey team also visited an agricultural cooperative in the settlement for Japanese emigrants that has become the center of large-scale mechanized agriculture. They shared opinions at each site they visited during the tour.

The dispatch of survey teams deepened their understanding of the business environment in Paraguay. Further developments are expected in the future, such as formation of a new relationship between Japanese companies and *Nikkei* communities in Paraguay.

JICA served as a mediator and facilitated matching opportunities among participating Japanese small and medium enterprises and Paraguayan companies.



Activity Report

Activities and Initiatives by Region

Activities and Initiatives by Issue

Other Activities and Initiatives

JICA is contributing to the economic infrastructure development of the countries by providing necessary assistance to infrastructure projects in the energy sector among other sectors.

In Bolivia, following the Laguna Colorada Geothermal Power Plant Construction Project (Phase 1 of First Stage), provided with an ODA Loan in July 2014, JICA conducted another ODA Loan project titled “Laguna Colorada Geothermal Power Plant Construction Project (Second Stage)” in March 2017 as the second stage of this project to construct a geothermal power plant with a total output of 100 MW. Due to the poor combustion efficiency at high altitude and high fuel transportation costs, constructing a thermal power plant is inappropriate for the southwest area of the country, and there are no locations suitable for a hydroelectric power plant, so the region has no large-scale power plants. On the other hand, the area is one of the world’s largest producers of zinc, lead, and silver. Due to the active mining development, electricity demand is growing each year; thus, power supply needs to be stabilized as soon as possible. Through geothermal power generation efforts in the Sol de Mañana geothermal area, where the potential of geothermal development has been confirmed, JICA supports the stabilization of the power supply, which is a long-standing development issue in the region.

● **Response to Global Issues: Climate Change Strategies, Disaster Risk Reduction and Environmental Conservation**

South America frequently faces natural disasters—not only earthquakes and tsunamis, but also disasters resulting from the El Niño phenomenon, among others. Under the concept of Build Back Better to realize a resilient society, JICA provides support for emergency disaster response, recovery and reconstruction, and preventive measures to control and mitigate damage caused by disasters, learning from past disaster experience.

In Peru, JICA offers a wide range of schemes for preventive measures as well as recovery and reconstruction. As a disaster-prevention measure, in January 2016, JICA provided Grants for Emergency Warning Broadcast System (EWBS) equipment for tsunami warnings, which utilizes the Japanese digital terrestrial broadcasting system, while also sending advisers for the implementation of EWBS in order to enhance Peru’s disaster information transmission capability. JICA also supported the development of disaster risk reduction educational programs with the help of disaster risk reduction education experts who were dispatched to Peru to follow up the Project for Enhancement of Earthquake and Tsunami Disaster Mitigation Technology (2010–2015), a project under the Science and Technology Research Partnership for Sustainable Development program. In 2016, three disaster risk reduction educational events for children were held under this program, including a bucket brigade and transporting the injured to the hospital.

As recovery and reconstruction cooperation, JICA supplied tents, blankets, and other emergency relief goods for people affected by the debris flow and flooding due to the torrential rains of December 2016 in Peru. In order to provide a prompt response to such large-scale disasters, emergency funds necessary for recovery activities are available through the Japanese ODA Loan



A JICA expert actually experiencing a local product in the target region of the One Village One Product Project in Colombia

for Stand-by Emergency Credit for Urgent Recovery (SECURE),² which was signed in 2014.

● **Support for Disparity Correction from the Human Security Perspective**

Many countries in the South American region have been reaching a certain income level thanks to the recent economic growth, while the economic gap between urban and rural areas still remains unsolved. Today, regional development has been a major issue for future sustainable economic development in the region.

In Colombia, the conflict for over 50 years between the Colombian government and the revolutionary armed forces (FARC) finally ended when a peace agreement was reached. In this context, regional development in this country is one of the priority issues that need to be addressed for social and economic integration in conflict-prone Colombia. As regional development issues, the Colombian government focuses on the themes of “confidence-building between citizens and the government” and “enhancement of local communities through collaboration, cooperation, and unity.” Specific policies by the government include the One Village One Product (OVOP) campaign, which was originally launched in Japan.

A technical cooperation project to promote the OVOP commenced in 2009 with Colombia’s National Planning Department as a counterpart agency. JICA has assisted the department in enhancing the capacity of local governments and relevant bodies in the target regions, developing and standardizing the systems and procedures for implementing the OVOP campaign, and creating business plans utilizing local resources under the OVOP initiatives. JICA aims to revitalize the regions and bring peace by establishing a regional development model based on the principles of the OVOP campaign.

2. With having this loan signed in advance, funds can be used to promptly respond to needs that arise during post-disaster recovery activities.

Support for Japanese Emigrants and Their Descendants**Support for Japanese Emigrants and Their Descendants and Enhancement of Collaboration and Relations with *Nikkei* Communities**

There are currently more than 3.19 million Japanese emigrants and their descendants (*Nikkei*) living around the world making important contributions in many fields in each country and their presence plays a key role as a partner and as an intermediary between Japan and the countries where *Nikkei* reside.

- **Changes in the Situation in Countries Where Japanese Emigrants Have Settled and Future Challenges**

For Japanese emigrants who have settled in Latin America and the Caribbean in line with the postwar Japanese emigration policy, JICA had been providing assistance to settle in the new lands and to stabilize their livelihoods. On the other hand, *Nikkei* communities have matured, and generational transition has also taken place with the passage of time. Accordingly, JICA is committed to strengthening collaboration and relationship with *Nikkei* communities as well as supporting Japanese emigrants and *Nikkei*, with a focus on human resources development and elderly welfare.

- **Main Programs and Activities for Japanese Emigrants and *Nikkei***

- 1. Dissemination of Knowledge on Overseas Migration**

The Japanese Overseas Migration Museum, which opened in Yokohama in 2002, aims to encourage the public—especially young people who will lead the next generation—to learn about the history of Japanese migration and become acquainted with emigrants and the *Nikkei*. The museum consists of permanent exhibits featuring the immigration records of Japanese emigrants and historical materials donated by them, as well as special exhibitions covering a variety of subjects. In addition to the library containing emigration-related books and films, it also provides information on its website and conducts studies and research activities. The museum had a record 52,923 visitors in fiscal 2016, and the total number of visitors since its opening exceeded 470,000.

The special exhibition in fiscal 2016 featured three themes: “Two Olympic Games—*Nikkei* Communities Connected by Sports,” associated with the Rio de Janeiro Olympic and Paralympic Games; “Our Homeland in the Mirror—*Nikkei* in Argentina”; and “*Nikkei* Festivals in Hawaii—New Year and *Bon* Dance.” This year the series on prefectures of origin of Japanese emigrants featured Hiroshima Prefecture.

- 2. Support for Emigrants Abroad**

JICA provided subsidies for the management of *Nikkei* clinics at settlements in Bolivia and the Amazonia Hospital in Brazil while also supporting traveling clinics and programs involving elderly welfare and medical services for settlements in Brazil, Paraguay, Bolivia, and the Dominican Republic. In addition, among other



Flyers for the special exhibitions held at the Japanese Overseas Migration Museum in fiscal 2016

programs, JICA also provided subsidies for programs aimed at the training and recruitment of local *Nikkei* Japanese-language teachers.

- 3. Educational Initiatives for the Children of Emigrants**

JICA organizes a program for children of emigrants that provides a firsthand opportunity to gain a deeper understanding of Japanese culture and society, enhance their identity as *Nikkei*, and develop human resources who will lead the next generation. In fiscal 2016, JICA implemented such programs aimed for junior high school, high school, and college students, and a total of 100 students participated in them.

JICA also offers a scholarship covering living expenses and tuition to support *Nikkei* students attending graduate schools in Japan. Seven new students benefited from this program in fiscal 2016.

- 4. Support for *Nikkei* Communities and Local Communities**

JICA dispatches volunteers to *Nikkei* communities. They are called *Nikkei* Volunteers, and they mainly assist with Japanese-language education, health care, and welfare services while living with Japanese emigrants and *Nikkei* there. This initiative is intended to provide technical cooperation and support revitalization of *Nikkei* communities as well as to develop partner countries through these communities. The number of volunteers newly dispatched to Brazil in 2016 was 80 people (40 Youth Volunteers for *Nikkei* Communities, 17 Senior Volunteers for *Nikkei* Communities, and 23 short-term volunteers), achieving the goal of increasing the numbers to 100 volunteers.

In the Special Participation Program for School Teachers for *Nikkei* communities, applied in fiscal 2008, JICA dispatches school

teachers in Japan to local government-recognized schools. Upon returning to Japan, these former volunteer teachers are expected to take full advantage of their experiences to assist with the education of *Nikkei* children in Japan. In fiscal 2016, JICA dispatched four teachers.

In addition, universities, local governments, public organizations, and private enterprises in Japan submitted proposals to JICA for training programs for *Nikkei* to receive. JICA accepted 139 *Nikkei* training participants under this program in fiscal 2016.

- 5. Strengthening Partnerships with *Nikkei* Communities in Latin America and Japan's Private Sector**

In fiscal 2016, JICA dispatched the Partnership Promotion Survey Team to Brazil, Argentina, and Paraguay with an aim to contribute to economic and social development in Latin America and the Caribbean, through strengthening partnerships between Japanese private companies and private companies owned or managed by *Nikkei* in those countries. Some of the Japanese companies that participated in the survey now utilize JICA proposal-based projects, such as the Project Feasibility Survey, the Promotion Survey, the private sector partnership volunteer program, and the training program for Japanese descendants, to promote business partnerships with *Nikkei* companies. On the other hand, some Japanese companies independently expand their business into the region or carry out international cooperation activities [→ see the Case Study on page 43].

- 6. Business Loans**

The JICA loan program for emigrants and *Nikkei* organizations concluded in fiscal 2005. At present, JICA administers only the repayment of these loans.