

Central America and the Caribbean

Key Aid Strategies

Improvement of Economic Foundations, Response to Global Issues and Inclusive Development

Mexico, Central America and the Caribbean region,¹ consisting of 23 countries, has generally been achieving relatively steady economic development, while a portion of people still remains living in poverty. Moreover, many countries in the region are vulnerable to natural disasters and other risks.

Taking into consideration the unique context of each country as well as their respective countermeasures

against common development issues, JICA is supporting Central America and the Caribbean region based on the following three pillars of cooperation: (1) improving quality economic foundations that contributes to overcome the “middle-income trap,”² (2) building a sustainable and resilient society by addressing global issues, and (3) advancing inclusive development.

The Central American region was seriously affected by the armed conflicts that continued for more than 10 years from the late 1970s. With the progress of peace negotiations in the 1990s, democracy began to take root in the region. Today, many Central American countries are achieving stable economic growth. The Caribbean region is also maintaining a certain degree of economic growth supported mainly by the tourism industry and remittances from migrants residing in the United States.

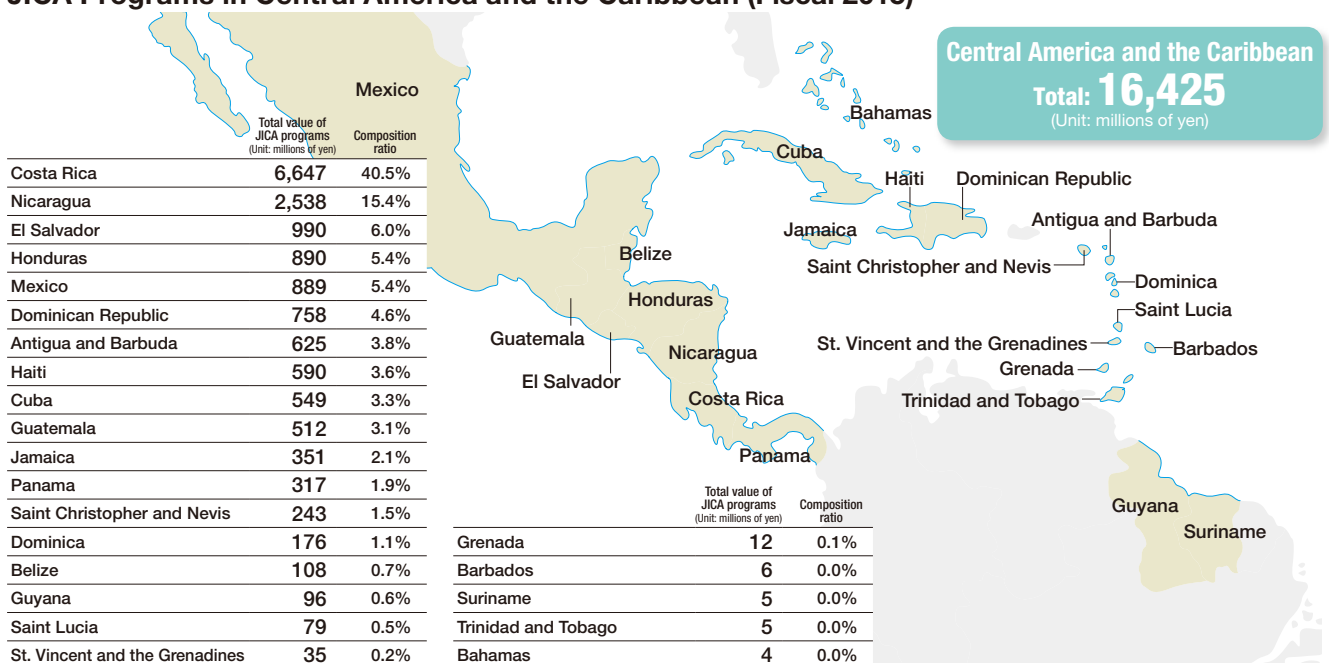
While many countries have achieved medium income levels, some countries are facing economic uncertainty. This is mainly due to the prospect of a rise in U.S. interest rates, the stagnant economy in China, and the unstable assistance framework for Petrocaribe, a Venezuela-led energy cooperation scheme, resulting from globally weak oil prices. Even worse, in some countries, there are no internationally competitive industries that

can advance the national economy, and foreign nations are also reluctant to make investments due to rising labor cost and poor public security. Such problems have caused the countries to fall into the “middle-income trap.” In this context, JICA is engaged in the development of quality infrastructure and human resources to help them get out of the trap.

Central America and the Caribbean region is frequently affected by earthquakes, tsunamis, hurricanes, and other natural disasters. Specifically, torrential rain disasters due to climate change in recent years have been a huge concern in the region;

1. Antigua and Barbuda, Bahamas, Barbados, Belize, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Saint Christopher and Nevis, Saint Lucia, Saint Vincent, Surinam, and Trinidad and Tobago.
2. 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 Central America and the Caribbean (Fiscal 2015)



The figures show the total value of JICA programs in each country including Technical Cooperation (Training Participants, Experts, Study Teams, Provision of Equipment, JOCV and Other volunteers, and Other costs), Loan Aid (Disbursements), and Grants (Newly concluded G/As) in fiscal 2015.
 Note: • Figures exclude JICA's cooperation for multiple countries and/or multiple regions and international organizations.
 • This map lists only countries and regions with program results in fiscal 2015.

Concrete Initiatives
 Region-Specific Activities and Initiatives
 Issue-Specific Activities and Initiatives
 Other Activities and Initiatives

thus, it is becoming an urgent task to establish a sustainable and resilient society. Japan's Prime Minister Abe, who visited the Caribbean region in 2014, offered a new cooperation policy for the region, taking into account the vulnerabilities of small island nations, including ODA-graduate countries.

Since the announcement of diplomatic normalization talks between Cuba and the United States in December 2014, Cuba has been increasingly receiving global attention. However, Japan's first economic assistance for Cuba dates back to the 1960s, when Japan started to receive training participants from Cuba. JICA commenced a technical cooperation project in 2007 and has expanded its cooperation activities mainly into agricultural development and environmental conservation. Moreover, Japan's Foreign Minister Kishida, who also visited Cuba in May 2015, announced the commencement of full-fledged ODA Grants.

In addition, Japanese-made medical equipment has been introduced to the health care field in Cuba since the 1970s, where the Japanese private sector's advanced technologies and well-categorized manuals are highly valued. However, in recent years, there has been an urgent need to deal with deterioration of old medical equipment. In 2015, JICA initiated the preparatory study of the Project for Improvement of Medical Equipment in General Hospitals in Cuba as well as the study of a detailed plan for the Project for Capacity Building of Medical Equipment Maintenance, aiming to launch JICA's first ODA Grant project (facility and equipment procurement type) for Cuba.

Priority Issues and Activities

● Economic Foundations

In the situation where many countries have fallen into the "middle-income trap" and faced sluggish economic growth, 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 Panama, known as a logistics hub in Latin America, there is a high demand for a new public mass transportation system to mitigate morning and evening traffic congestion between urban areas at the western part of the canal and the downtown area. In April 2016, JICA signed an ODA Loan agreement for the Panama Metropolitan Area Urban Transportation Line 3 Development Support Project (I) with an aim to develop an urban monorail system, the Metro, to connect these areas.

JICA has also been implementing the Data Collection Survey on Logistics in Central America since February 2016. According to the study by the World Bank, the land transportation cost in Central America is significantly higher than that in advanced countries, hampering the economic growth and competitiveness in the region. This is mainly due to customs procedures, inadequate roadway infrastructure, and traffic congestions in urban areas. In this context, the Salvadoran Minister of Public Works, the Honduran Minister of Infrastructure and Public Utilities, the Nicaraguan Deputy Minister of Transport and Infrastructure, and the Costa Rican Deputy Minister of Public Works and Transportation were invited to Japan in February 2016. Taking this opportunity, they



Monorail system to be constructed in Panama (simulated image)

observed the land and sea intermodal transportation system among Asian countries through the mutual passage for chassis (a trailer used for land transportation of marine containers) and advanced efforts made by private logistics companies. These administration officials also shared opinions on the establishment of a framework for considering the most efficient and integrated distribution and logistics system, the development of necessary systems, and the necessity of cooperation in this field. By taking this into account, JICA began collecting basic information and conducting surveys in order to organize the information on existing studies and research activities as well as to create a road map for a future distribution and logistics system in Central America.

● Addressing Global Issues

To contribute to addressing climate change in Central America and the Caribbean region, JICA is promoting the shift toward renewable energy and energy efficiency for a stable supply of electricity and reduction in dependence on fossil fuels. For example, in Honduras, the Loan Agreement for Cañaveral and Río Lindo Hydropower Strengthening Project was signed in March 2015 for renovation and reinforcement of existing hydropower plants.

JICA is also working on projects intended to mainstream the concept of disaster risk reduction. In El Salvador, susceptible to hurricanes and earthquakes, JICA was committed to developing engineers through the Project for the Department of Adaptation for Climate Change and Strategic Risk Management for Strengthening of Public Infrastructure from 2012 to 2015. While taking the outcomes into consideration, JICA will continue to work on this project to further strengthen their management capability.

In January 2016, the *Manual on Regional Roadway Infrastructure Flood Disaster Preparedness in Central America* was also created with the assistance of JICA, jointly with the Salvadoran Ministry of Public Works, the Central America Integration System (SICA), the Secretariat for Central American Economic Integration (SIECA), and public works ministries in five other Central American countries. The purpose of this manual is to make the roadway infrastructure throughout Central America more resilient to climate change.

● Inclusive Development

In Haiti, which has been in transition from post-disaster recovery toward development since after the 2010 earthquake,

JICA is extending support to improve the quality of public services and make recognizable achievements in the fields of health care and education.

In the fields of health care and sanitation, JICA is carrying out a Grant project titled the Project for Management of the Hospital of Jacmel in Southeast Department. In the basic education field, a preparatory study for the Project for Development of Primary and Secondary Schools in Central and Artibonite Departments was conducted. In March 2016, JICA concluded an agreement with the Haitian Ministry of National Education and Professional Training on the Project for Supporting Development of Mathematics Materials for Students' Learning. The Survey on Reconstruction and Socioeconomic Development Cooperation in Haiti was also implemented in fiscal 2015 to examine cooperation policies as well as to explore, plan, and execute strategic projects for Haiti. Based on the survey results, JICA will provide strategic cooperation for Haiti to facilitate rural development in the country.

The Inclusive Industrial Development Study on Central America and the Dominican Republic was also performed to clarify useful lessons and remaining issues for future cooperation projects and programs in the region. The Seminar on Inclusive Development

in Latin America and the Caribbean took place in Japan in May 2015, jointly hosted by the Inter-American Development Bank (IDB), SICA, JICA, and the Japan Association for Latin American Studies. A seminar on inclusive development was also held in El Salvador in October by JICA and SICA. Furthermore, JICA and SICA jointly wrote and published a book, *Inclusive Development in Central America and the Dominican Republic*, in March 2016. This publication, describing the study outcomes, will be utilized for future projects.

In the gender field, JICA is currently developing new projects that encourage women in Central America to become economically independent to realize a society in which women shine. This initiative is carried out in El Salvador with the Women's Town Project, supported by IDB. In June 2015, JICA also held a regional seminar in El Salvador that discussed the economic empowerment of women in Latin America and the Caribbean. With about 500 participants as well as 17 guests from 13 countries, this seminar was an opportunity for attendees to share information on the various efforts made between Japan and other donors, including the IDB. By taking advantage of the information, JICA will enhance gender-related activities in Central America.

Case Study Nicaragua: Increasing Cooperation Effects Together with the Partner Government

“One bridge built by Japan turns into three bridges”

For more than 20 years, JICA has been providing Nicaragua ODA Grants to build 25 bridges. The cooperation efforts have served as technical assistance as well.

ODA Grants Contributing to Technology Transfer

“One bridge built by Japan turns into three bridges.” This is proudly stated at the Nicaraguan Ministry of Transport and Infrastructure.

The first bridge is constructed by a Japanese construction company under a Grant project. Then, the second bridge is built using materials of the first bridge that was demolished. Moreover, the Ministry of Transport and Infrastructure of Nicaragua plans and constructs the third bridge by making use of the construction techniques they learn from the Japanese construction company during the Grant project. In this way, Japan's Grant projects contribute to producing positive spillover effects thanks to the efforts and wisdom of Japanese construction companies and counterparts in the partner country.

The history of such an increase in the effects of cooperation dates back to 1998, when Hurricane Mitch hit Nicaragua and caused serious damage to many bridges in the country. However, bridges built under Japan's assistance survived the disaster without serious damage and continued to serve the people.

After the disaster, Japanese bridge construction techniques gained more trust in

the country; accordingly, Japan received a request for Grant projects from the Nicaraguan government for additional bridges. Technology transfer was promoted during the projects.

In addition to Grant projects, JICA is also planning to provide Loans for bridge

construction. Based on the credibility of Japan's accumulated construction techniques and the project execution capability of counterparts in Nicaragua, JICA will continue to contribute to quality infrastructure development in the nation by providing financial assistance that also takes into account the further effects of technology transfer.



Paso Real, the 25th bridge being built under cooperation from Japan