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Progressive Partnerships and Sustainable Development

White Paper on Foreign Aid Policy (Summary)



Ministry of Foreign Affairs
Republic of China (Taiwan)

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Summary of Taiwan's Foreign Aid Policy White Paper

Foreword

In order to carry out the government's policy of flexible diplomacy, the Ministry of Foreign Affairs (MOFA) has placed Progressive Partnerships and Sustainable Development at the heart of its foreign aid efforts. By establishing a specialized and reliable model for providing aid internationally, the Republic of China (Taiwan) is able to provide more effective and meaningful aid to the world. Chapter 1 of this White Paper illustrates Taiwan's foreign aid goals; Chapter 2 briefly introduces the trends in international development aid; Chapter 3 looks back at how Taiwan transformed from an aid recipient to an aid donor; Chapter 4 provides information on Taiwan's current foreign aid work; and Chapter 5 sets forth the new measures advocated under the flexible diplomacy initiative.

1. Goals of Aid Provision

The Constitution of the Republic of China (Taiwan) stipulates that the objective of foreign policy is to promote friendly relations with diplomatic allies, to encourage international cooperation, to advocate international justice and to insure world peace. All the world's developed countries attach great importance to the provision of aid and, particularly given the effects of globalization, aid work has come to play a significant role on many levels. Taiwan's foreign aid policy is not only in keeping with world trends but also embodies the spirit of the ROC Constitution. Its goals are:

Promoting friendly relations with diplomatic allies: Due to Taiwan's unique diplomatic situation, it is imperative that it utilizes its limited resources effectively. When prioritizing aid targets and allocating resources, Taiwan puts special emphasis on strengthening relations with its diplomatic allies. Through specialized and effective aid programs, the government helps its diplomatic allies develop their basic economic infrastructure.

Fulfilling Taiwan's responsibility as a member of the international community: "Developing a global partnership for development" is one of the

UN's Millennium Development Goals (MDGs). It aims to resolve international issues in terms of economy, society, culture and human welfare. The Millennium Declaration also calls for all developed nations to be more generous with development assistance. With Taiwan becoming the 20th largest economy in the world in 2008, it has an even greater responsibility to the other members of the international community.

Safeguarding human security: Famine, disease, drug smuggling, climate change, environmental pollution, racial conflict and terrorism pose serious threats to human security, and they have all taken their toll on global security and peace. In addition to making significant contributions to global security and world peace, Taiwan's aid programs help ensure human survival and sustainable environmental development.

Giving back to the international community: From the 1950s to the 1980s, the donations and assistance that Taiwan received from international organizations and such wealthy nations as the United States, Japan and Saudi Arabia allowed for the country's core economic infrastructure to be built. We must never forget our own development history and, as such, Taiwan is obliged to share its development experience and give back to the international community.

Developing humanitarianism: Billions of people around the world suffer from poverty, famine, disease and natural disasters. Taiwan adheres to the core values of humanity and provides, amongst other things, technological, financial, food and material aid to those countries that face disasters or that are in need.

2. Global Trends in International Development Aid

To make sure that Taiwan's own aid efforts conform to international norms, Taiwan has had to first understand the evolution of development aid, and be aware of the major issues prevalent in modern society.

The launch of international development aid can be traced back to the Marshall Plan and the establishment of related international organizations. During the Cold War era, aid was used as a diplomatic tool. It was not until the latter part of the 20th century that the notion of humanitarianism gradually took hold, and that transnational issues, such as economic, judicial and democratic reform, as well as drug prevention and environmental protection, became important themes for international development cooperation.

The UN General Assembly has set 2015 as the date by which the eight MDGs will be achieved. By integrating international aid resources, the MDGs aim to: (1) eradicate extreme poverty and hunger; (2) achieve universal primary education; (3) promote gender equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat HIV/AIDS, malaria and other diseases; (7) ensure environmental sustainability; and (8) develop global partnerships for development.

In March 2005, the Organisation for Economic Co-operation and Development (OECD) held a high level forum in Paris, where a total of 116 countries, territories and organizations signed and approved the Paris Declaration on Aid Effectiveness. Five partnership commitments were specified: (1) ownership: partner countries should exercise effective leadership over their development policies and strategies, and coordinate development actions; (2) alignment: donors should base their overall support on partner countries' national development strategies, institutions and procedures; (3) harmonization: donors' actions should be more harmonized, transparent and collectively effective; (4) managing for results: managing resources and improving decision-making for results; (5) mutual accountability: donors and partners are accountable for development results.

By establishing a complete framework for international cooperation in line with the MDGs, and by readjusting the aid model to fit with the Paris Declaration, MOFA is ensuring that Taiwan conforms with global trends and plays the role of responsible stakeholder in the international community.

3. Taiwan's Transformation from Aid Recipient to Aid Donor

With the help of aid received from such countries as the US and international organizations, the people and government of Taiwan were able to achieve what came to be known as an economic miracle. This laid the foundations for Taiwan's eventual transformation from aid recipient to donor. Over the course of 15 years from 1951, the US provided US\$1.482 billion of project and non-project assistance to Taiwan. Of this, 70% was economic aid, 26% was agricultural products and 4% was loans for development. As part of the aid implementation strategy, Taiwan's government or receiving agency promised to match US grant aid dollar for dollar, creating reserves for giving grants, making loans, and

paying down the principal and interest due on US loans. This key assistance was successful in helping Taiwan with many important construction projects. International organizations also provided loans and technical cooperation to assist Taiwan with transportation infrastructure, industrial facilities, financial development, improving medical care and public health, developing agriculture and fisheries, education and personnel training programs.

In the 1950s, Taiwan received roughly US\$100 million of foreign aid per year, or 9% of GDP. This illustrates that Taiwan should be more proactive in thanking the international community by returning this generosity through meaningful aid work and sharing Taiwan's fruitful experiences.

In 1959, the arrival of Taiwan's first agricultural technical mission in Saigon, Vietnam, with the financial backing of the US government, marked Taiwan's first foray into international aid. Operation Vanguard was launched in 1960, whereby Taiwan began dispatching agricultural missions to assist Africa in modernizing its agricultural production, and to garner support for ROC's representation in the United Nations. In October 1989, the Ministry of Economic Affairs set up the International Economic Cooperation Development Fund (IECDF) to provide development loans and technical assistance to diplomatic allies that were still developing nations. Then, on July 1, 1996, the government launched a specialized aid agency, the International Cooperation and Development Fund (TaiwanICDF), in order to increase international cooperation and enhance foreign relations.

4. Taiwan's Current Foreign Aid Work

Taiwan's total official development assistance (ODA) in 2008 exceeded US\$430 million, or 0.11% of the gross national income (GNI). This aid, of which 92% is bilateral and 8% multilateral, focuses on the construction of diplomatic allies' basic infrastructure (66%); technical assistance (11%); education and training (4%); humanitarian assistance (6%); and other areas (5%).

4.1 Bilateral ODA

4.1.1 Assistance with basic infrastructure: The 306 projects implemented to date consist of 49 for financial policy and development, 38 for medical care development, 34 for social development, 31 for economic development, 29 for transportation development, 27 for educational development, 27 for fisheries

and agricultural development, 26 for cultural development, 21 for technological development, 17 for community development, and 7 for environmental protection.

4.1.2 Technical assistance: In 2008, 30 technical missions consisting of a total of 210 professionals and 80 alternative military servicemen were dispatched to 28 countries in the Asia-Pacific region, West Asia, Africa, and Latin America. They have assisted in 83 cooperative projects that span the areas of agronomy, horticulture, aquaculture, animal husbandry, food processing, information technology and vocational training. As for cooperation in medical care, besides those medical missions sent by the Department of Health to the Solomon Islands and the Marshall Islands, MOFA has commissioned TaiwanICDF to station missions in three of Taiwan's diplomatic allies in Africa, namely Burkina Faso, São Tomé and Príncipe, and the Kingdom of Swaziland. The missions were composed of 22 medical specialists, and 14 alternative military servicemen with medical or public health backgrounds.

TaiwanICDF also has worked in conjunction with healthcare institutions belonging to the International Healthcare Cooperation Strategic Alliance to send professional medical staff from Taiwan, as part of short-term (from two to three weeks) mobile medical missions, engaging in cooperative healthcare programs in nations friendly to Taiwan. In 2008 alone, 18 mobile medical missions were sent to provide free medical services in 13 countries in Central America and the Asia-Pacific and Caribbean regions. Also, at the request of Taiwan's embassies and representative offices overseas, TaiwanICDF has sent 86 long- and short-term volunteers with specialization in different areas to provide services to Taiwan's diplomatic allies and other friendly nations. The expert assistance that these volunteers provide has greatly contributed to improving Taiwan's foreign relations.

4.1.3 Humanitarian assistance: MOFA has provided disaster relief to victims of floods or major storms in 10 countries, such as Guatemala. In addition, MOFA has offered assistance through the Holy See to the peoples of 10 countries afflicted by a natural disaster or war. In addition, MOFA has subsidized the Taiwan International Health Action (TaiwanIHA), Taiwan Root Medical Peace Corps, and North American Taiwanese Medical Association (NATMA), which dispatch personnel to provide emergency medical aid and rescue services to countries in their time of need, with one such recipient being Ecuador.

Moreover, Taiwan has expressed humanitarian spirit by offering medical supply and goods to countries in need. For instance, Taiwan has donated medical equipment to the Marshall Islands and 19,000 metric tons of rice to six countries, e.g. Haiti, and has assisted domestic charities donating wheel chairs to around a dozen countries, including The Gambia and El Salvador.

4.1.4 Education and training: In terms of education, MOFA has offered financial assistance for vocational training programs in Burkina Faso and for those that teach sewing and cosmetology skills in Haiti. It also has provided technical assistance to vocational training programs in three countries, e.g. the Kingdom of Swaziland. In terms of on-the-job training, MOFA and the Taiwan International Cooperation and Development Fund (TaiwanICDF) have held courses on 28 subjects for a total of 628 students from 55 countries. Other governmental agencies, including the Ministry of Economic Affairs (MOEA), Department of Agriculture and Department of Health, have offered eight other courses on various subjects. On top of this, in 2008 some 1,355 students from developing countries received the Taiwan Scholarship and 223 students received TaiwanICDF's Higher Education Scholarship to help finance their undergraduate or graduate education in Taiwan.

4.2 Multilateral Assistance

4.2.1 Donations to international organizations: Taiwan has made donations to the Asian Development Bank as well as the Republic of China-Central American Economic Development Fund, and has helped developing countries in their capacity-building and infrastructure development through organizations such as the Asian Productivity Organization and the Food and Fertilizer Technology Center. In addition, Taiwan has made financial contributions in order to support the Global Horticulture Initiative of the World Vegetable Center and the Young Americas Business Trust of the Organization of American States.

4.2.2 Funds earmarked for international cooperation: Taiwan has contributed financially to the European Bank for Reconstruction and Development for its TaiwanBusiness-EBRD Technical Cooperation Fund and to the Emergency Response Fund, which was founded in collaboration with the Mercy Corps.

4.2.3 Joint investment and financing through international organizations: Taiwan, a member of the Asian Development Bank and the

Central American Bank for Economic Integration, has worked closely with the Inter-American Development Bank. Taiwan's cooperation with these multilateral institutions mainly has taken place in the form of joint investment and financing. For instance, Taiwan set up the Financial Intermediary Investment Special Fund (FIISF), which offers financing and investment opportunities to EBRD partner countries, at the EBRD.

5. New Approaches to Foreign Aid under Flexible Diplomacy:

The government's new flexible diplomacy approach has led to changes in the way Taiwan offers assistance to foreign countries. President Ma Ying-jeou has called on the government to adhere to appropriate motives, due diligence, and effective practices when offering assistance. With this in mind the government has been seeking ways to promote progressive partnerships and sustainable development with Taiwan's diplomatic allies and friendly countries, thereby further consolidating bilateral relations with them. The government adopts the Paris Declaration on Aid Effectiveness as its guideline for establishing cooperation models that meet professional standards and are result-oriented so that Taiwan's foreign aid will fully conform to international practices and expectations.

5.1 Progressive Partnerships

5.1.1 Establishment of cooperation models that meet professional standards and are effective to ensure the co-prosperity of Taiwan and its allies: Of Taiwan's diplomatic allies, 22 are developing countries that remain Taiwan's most important and close partners in terms of international cooperation. Taiwan hopes to strengthen cooperation with them in a variety of fields, which again will conform to international practices, meet professional standards, and maximize its effectiveness in hopes of promoting the prosperity of Taiwan and its allies.

When assessing the long-term development plans and priorities of Taiwan's diplomatic allies, MOFA weighs the advantages commanded by Taiwan's sectors and technologies. Through subsequent senior-level bilateral negotiations, MOFA and the government of the partner country jointly identify which projects to pursue and determine how to implement them. In the process, they formulate

short-, mid- and long-term plans and agreements, and clarify each country's obligations and responsibilities. Taiwan emphasizes infrastructure projects and related procurements that benefit its own industries when engaging in such cooperation.

Bilateral assistance projects are proposed and assessed as befitting a partner country's budget. Taiwan allocates funds based on the expected effectiveness of the projects and, budget permitting, provides long-term and planned assistance as well.

Technical assistance projects are designed using the "project cycle" concept and given specific goals, making them result-oriented. Each year projects are evaluated based on the targets reached and other substantial indicators and adjusted accordingly.

5.1.2 Diversifying partnerships while following global trends:

Taiwan adheres to one of the Paris Declaration commitments in particular—harmonization—so as to prevent the waste of resources and diversify partnerships with aid donors and the private sector.

(1) Strengthening coordination between aid donors and international organizations: In addition to taking part in donors' meetings, MOFA seeks suitable opportunities to expand technical assistance and educational and training activities with other donor countries. As for multilateral cooperation, Taiwan will further enhance its cooperation with the World Trade Organization (WTO) and other organizations facilitating regional development. At the same time, Taiwan will strive to participate in major international aid development organizations.

(2) Enhancing cooperation with NGOs: In recent years, Taiwan's civil society has been participating in humanitarian endeavors throughout the world in areas such as disaster relief, poverty elimination, post-disaster reconstruction and education, thus earning Taiwan accolades from the international community. In the future, MOFA will continue to enhance cooperation with INGOs on aid projects abroad and work with Taiwanese NGOs engaged in international humanitarian work and corresponding government agencies. MOFA aims to establish a communication platform for Taiwan's NGOs engaged in international humanitarian assistance. Through this channel, Taiwan will be able to share experiences and integrate resources, while assisting in the cooperation projects of NGOs at home and abroad. Together, MOFA and Taiwan's NGOs can improve

the welfare of all mankind.

(3) Combining the strengths of the private sector: MOFA will continue to look into feasible measures for maximizing the effectiveness of cooperation and creating a winning situation for everyone involved. We will try to employ investment incentives and other measures to encourage our businesses to set up factories in Taiwan's diplomatic allies and invest in other developing countries as well. MOFA seeks to expand the participation of domestic enterprises in the construction projects and procurements stemming from Taiwan's bilateral and multilateral aid programs. The government will also use tax cuts and other incentives to encourage private enterprises to play a bigger role by donating daily necessities to Taiwan's diplomatic allies.

MOFA will continue to recruit volunteers and alternative military servicemen via TaiwanICDF to bolster Taiwan's technical and medical missions, as well as its IT and Chinese-language education and environmental protection initiatives abroad.

5.2 Sustainable Development

When exploring aid strategies for each region or country, Taiwan takes into consideration its strongest and most advanced industries, and adheres to five of the UN's MDGs. The strategies and directions on creating aid programs that assist in these goals are explained below:

5.2.1 Eradicating extreme poverty and hunger: Taiwan strives to increase the agricultural production of partner countries to help make them self-sufficient and infuses capital into their private sector to stimulate the growth of local industries.

5.2.2 Strengthening human resources development: Taiwan helps to promote primary education, assist in developing human resources, and strengthen industrial development through vocational education in its diplomatic allies so as to improve their national capacity-building efforts and economic development.

5.2.3 Combating infectious diseases: By diversifying cooperation, Taiwan can provide further training to the medical staff of partner countries and promote bilateral and multilateral cooperation in international medical care, thereby fostering Taiwan's influence and role in international medical and health care aid.

5.2.4 Promoting environmental sustainability: Taiwan will monitor environmental protection programs by using geographic information systems, and promote waste-processing and recycling programs so as to assist partner countries reach environmental sustainability;

5.2.5 Developing global partnerships for development: Taiwan continues to take advantage of its technical strengths to develop its partnerships, as follows: (1) Responding to Aid for Trade (AFT): Through cooperation with international organizations, such as the Agency for International Trade Information and Cooperation (AITIC), Taiwan provides assistance in trade capacity building to its partner countries; (2) Meeting special demands of small island countries: Echoing the UN Mauritius Declaration and Strategy, Taiwan supports the sustainable development projects of its small island allies through financial, technical, educational, and trade cooperation. (3) Collaborating with the private sector in making available new technologies, such as information and communication technology (ICT): Taiwan combines its strengths in ICT to assist its diplomatic allies set up digital centers. Moreover, with vast experience in the design and development of computer systems and software, Taiwan assists partner countries in establishing e-governments. By the same token, to better support the APEC Digital Opportunity Center initiative, Taiwan enlists the aid of related domestic enterprises.

Conclusion

As the foreign aid provided to Taiwan has played a major role in its economic development, Taiwan has welcomed opportunities to give back to the international community and share its experiences. After nearly half a century of promoting development aid, Taiwan has adopted flexible diplomacy as a guideline with which to adjust to the newest trends in international development cooperation and reform Taiwan's foreign aid work.

This White Paper provides the directions that Taiwan's foreign aid will take under the guidance of the government. Although the road ahead is fraught with difficulties, the staff of MOFA and TaiwanICDF will remain realistic idealists in their endeavors to achieve Taiwan's goals in international development cooperation.