

Partnerships for Progress and Sustainable Development

White Paper on Foreign Aid Policy



Ministry of Foreign Affairs
Republic of China (Taiwan)

May 2009

Preface by the President



In August 1997, I visited one of our diplomatic allies in the South Pacific as a scholar representing the Chinese (Taiwan) Society of International Law. While jogging one morning, I spotted a local boy wearing a blue T-shirt embroidered with the Chinese characters for the name of a student, Chang Wen-tang, and his school, Ching Hsi Junior High. It was obviously a gift all the way from Taiwan. I couldn't help recalling that, during my own childhood, I used to collect relief supplies, including clothing and other things like flour, at a Catholic chapel on Hsiyuan Road in Taipei. Many feelings swelled inside me when I saw with my own eyes that Taiwan had evolved from being a recipient of other nations' compassion into an exporter

of benevolence. During my stay in that South Pacific nation, I visited the central hospital and a farm which were both constructed with our assistance. These experiences drove home how much Taiwan's aid must mean to its allies.

In the 1950s, Taiwan received approximately US\$100 million of foreign aid each year, equivalent to about 9% of gross domestic product at the time. Thanks to this aid, Taiwan managed to get through those hard years and develop its economy, which eventually led to the success story now widely known as the "Taiwan miracle". As such, the people of Taiwan have long held the consensus that the nation is obliged to repay its debt and fulfill its obligations to the international community. Over the past five decades, Taiwan has set aside a considerable budget for international aid, and has managed to accumulate an abundance of experience and some impressive results. Flexible diplomacy has been put forward as a key policy initiative since my inauguration, and it has been stressed that the relevant agencies must adhere to appropriate motives, due diligence and effective practices when offering aid to foreign countries. I'm pleased to see that the Ministry of Foreign Affairs is publishing Taiwan's first white paper on foreign aid policy, which duly reflects this shift in policy. With Partnerships for Progress and Sustainable Development affirmed as the central theme, Taiwan seeks to create a specialized and effective foreign aid mechanism that restores the people-based core values embraced by the international community.

The release of this white paper marks an important milestone for Taiwan's foreign aid and international cooperation. While the government has limited resources at its disposal, the private sector's infinite vitality and compassion can help make up for any deficiency. In the future, the nation's civic groups and business community will hopefully play a bigger role in sharing with our allies the invaluable "Taiwan experience". We should see ourselves as realistic idealists ready to do our part in opening up new frontiers for the nation's foreign aid endeavors.

馬英九 *Signature of Ma Ying-jeou*

Preface by the Minister of Foreign Affairs

Diplomacy's primary objective is to seek to maximize a nation's interests, and ensure its survival and development. Providing aid to foreign countries forms an important part of this, and Taiwan's foreign aid efforts are very much in keeping with both the spirit of the ROC Constitution and international trends. Its purpose is multifaceted, including promoting ties with diplomatic allies and other friendly countries, fulfilling global responsibilities, safeguarding the security of fellow man, repaying the international community and giving full play to the humanitarian spirit.

More than 60 years have elapsed since the launch of international development aid, which came in the form of the Marshall Plan in the wake of World War II. This international aid helped a good number of poor countries lacking in natural resources to secure a fresh start by fostering their economic and social development. Taiwan's own transformation from aid recipient into donor stands as a case in point. Given Taiwan's unique diplomatic situation and the fact that international aid contributed so much to its economic development, the people of Taiwan have long endorsed reciprocating by offering assistance to other countries.

In line with President Ma's directive that Taiwan's overseas assistance must be justified, legitimate and efficient, the Ministry of Foreign Affairs (MOFA) has performed a comprehensive review of Taiwan's foreign aid. In the resulting White Paper on Foreign Aid Policy: Partnerships for Progress and Sustainable Development, the main themes, goals, strategies and measures of Taiwan's overall foreign aid policy are all clearly defined. The document is also intended to make it known to the general public in Taiwan and the international community alike that, in proceeding with foreign aid, Taiwan is determined to follow global trends, meet professional standards and diversify its efforts.

If diplomacy is a duty shared by everyone, then foreign aid is even more deserving of the public's involvement and support. MOFA's first foreign aid policy white paper is of momentous significance in that it clearly defines the themes, goals, strategies and measures of Taiwan's foreign aid policy. While the staff at MOFA is naturally dedicated to implementing this policy, we hope all our fellow countrymen and prominent figures from all walks of society will also extend their support and encouragement.



Minister of Foreign Affairs

歐鴻鍊

Signature of Francisco H.L. Ou

2009

MOFA White Paper on Foreign Aid Policy



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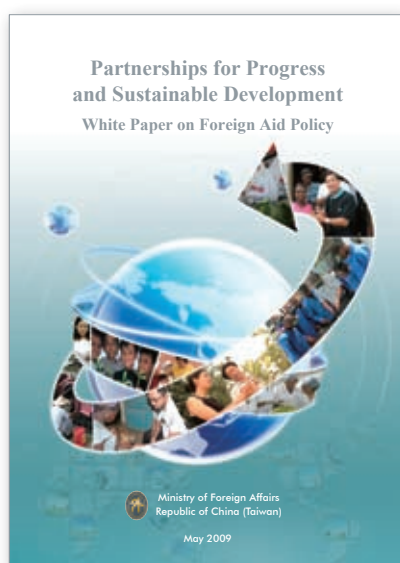
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Foreword

The Republic of China (Taiwan) began offering assistance to other countries in the form of technical cooperation in 1959, when a team of agricultural specialists was dispatched to Vietnam to assist in its agricultural development. Taiwan has continued to offer such assistance to underdeveloped and developing countries over the past five decades, during which time Taiwan's economy has flourished and its technological prowess has grown. In turn, both the content and delivery of its foreign aid have also become more specialized and diversified.

The road to providing international development aid is long and winding. Optimal results are often hard to come by given the many variables involved, which include the allocation of resources, aid items,

means of implementation, appraisal of actual accomplishments, and so forth. Furthermore, foreign aid projects tend to be handicapped by deficiencies in the infrastructure and governance, as well as by cultural factors, in the recipient countries. Unsurprisingly, aid programs often end up short of expectations despite the best of intentions. In its report on trends and progress of international development cooperation released in July 2008, the Economic and Social Council (ECOSOC) of the United Nations noted that the amount, distribution and results of donor countries' official development assistance (ODA) programs have all failed to meet original expectations. The Organisation for Economic Co-operation and Development (OECD), in the 3rd High-Level Forum on Aid Effectiveness that was held in Ghana's



capital, Accra, in September 2008, also called on both aid donors and developing countries to accelerate their efforts toward meeting the set of monitorable indicators, as laid down in the Paris Declaration on Aid Effectiveness, by the year 2010.

Given Taiwan's unique diplomatic situation, political realities have often stood in the way of its foreign aid efforts over the years. It has also been hard to achieve the greatest desired benefits due to the lack of impartial and professional evaluation. After his inauguration on May 20, 2008, President Ma put forward his flexible diplomacy initiative and instructed that foreign aid must adhere to "appropriate motives, due diligence and effective practices". After a comprehensive review, the Ministry of Foreign Affairs (MOFA) has placed

Partnerships for Progress and Sustainable Development at the heart of its foreign aid efforts. By establishing a specialized and reliable foreign aid model, Taiwan can provide more effective aid to and align itself more closely with the international community.

Chapter 1 of this white paper illustrates Taiwan's foreign aid goals; Chapter 2 briefly introduces trends in international development aid; Chapter 3 looks back at how Taiwan transformed from aid recipient to 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.



Chapter 1

Goals of Aid Provision



Article 141 of the ROC Constitution stipulates that, “The foreign policy of the Republic of China shall, in a spirit of independence and initiative and on the basis of the principles of equality and reciprocity, cultivate good-neighborliness with other nations, and respect treaties and the Charter of the United Nations, in order to protect the rights and interests of Chinese citizens residing abroad, promote international cooperation, advance international justice and ensure world peace.” All developed countries attach great importance to the provision of aid and, particularly given the effects of globalization, international aid in the 21st century has come to play a significant role on many levels. Taiwan’s foreign aid policy not only follows world trends but also embodies the spirit of the ROC Constitution. Its goals are: promoting friendly relations with diplomatic allies; fulfilling Taiwan’s responsibility as a member of the international community; safeguarding human security; giving back to the international community; and developing humanitarianism.

1.1 Promoting Friendly Relations with Diplomatic Allies

Developed countries provide aid with a view to expanding their political influence, maintaining regional stability, bolstering national security, combating drug smuggling, preserving environmental integrity and curbing illegal immigration, amongst other things. Some also aim to

secure direct or indirect trade benefits by fostering a given recipient country’s economic and social development. Due to its unique diplomatic situation, it is imperative that Taiwan prioritize the allocation of its limited resources based mainly on the need to maintain and strengthen relations with its diplomatic allies. Through specialized and effective bilateral aid programs, Taiwan will continue to draw on its own development experience and the resources at its disposal to help its diplomatic allies develop their economic infrastructure and to further boost its diplomatic ties, creating a win-win scenario.

1.2 Fulfilling Taiwan’s Responsibilities as a Member of the International Community

Article 1 of the UN Charter adopted in 1945 spells out one of the purposes of this international body, which is, “To achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for



human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion.” In its Millennium Declaration, released in September 2000, the UN reaffirmed its commitment to the purposes and principles laid out in its charter. The Declaration points out that, while globalization offers great opportunities, at present its benefits are very unevenly shared and its costs are unfairly distributed. Accordingly, countries must share the responsibility to jointly overcome the challenges facing global economic and social development, as well as international peace and security.

The Declaration also urges developed countries to be more generous with development assistance so as to make real the human race’s common aspirations for peace, cooperation and development. With Taiwan becoming the 20th largest economy in the world in 2008, it has even greater responsibilities to fulfill in the international community, a cause that fits with both the UN Charter and the spirit of international cooperation enshrined in the ROC Constitution.



1.3 Safeguarding Human Security

In an interdependent global context, both strong and weak countries, and both rich and poor individuals, share something in common. That is, no country or individual can expect to remain immune when human security is threatened. Famine, disease, drug smuggling, climate change, environmental pollution, racial conflict and terrorism pose serious threats, and they have all taken their toll on global security and peace. As such, international cooperation is not just about development needs, but is also important for human security. As a member of the global village and one of the world’s biggest economies, Taiwan is committed to helping less fortunate countries cope with food shortages, combat contagious disease, develop their economies and consolidate environmental protection. By assisting these countries in removing the shackles of hunger, disease and poverty, Taiwan’s aid programs will go a long way toward ensuring human survival and sustainable environmental development around the globe.

1.4 Giving Back to the International Community

The “Taiwan experience” has long been the pride of the people of Taiwan. In addition to the concerted efforts of its government and people, much credit for Taiwan’s spectacular economic advances should go to the international community. From the 1950s to the 1980s, Taiwan received considerable donations, loans and other forms of assistance from international organizations and wealthy nations such as the United States. Such major infrastructure projects as the nation’s first freeway, the electrification of the railways, the Shimen Dam, the Tsengwen Dam and the tap water system, could not have been completed without the preferential loans extended by international organizations and foreign countries. Even Taiwan’s success in wiping out malaria must be attributed to assistance from the World Health Organization (WHO). We must never forget our own development history, because this reminds us that Taiwan is obliged to share its development experience and give back to the international community.

1.5 Developing Humanitarianism

It is estimated that more than 1.4 billion people around the world earn less than US\$1.25 a day, over 30,000 children die every day of contagious diseases that could be readily contained, some 100 million people do not have sufficient food, 100 million children are denied basic education, and more than 60,000 people are killed



in natural disasters such as typhoons and earthquakes each year. In keeping with the humanitarian spirit, ODA programs are intended to offer relief to needy or disaster-afflicted countries. Such relief comes in the form of technical or financial aid, or the provision of food and other supplies. When Taiwan was itself the victim of major natural disasters such as the flooding of August 7, 1959, and the earthquake of September 21, 1999, the international community responded immediately with various forms of assistance and relief, which allowed for rapid reconstruction and recovery. In addition to the objectives stated above, it should be emphasized from now on that the core value of Taiwan’s foreign aid initiative is humanitarianism. Compassionate toward fellow human beings in distress, Taiwan is prepared to give timely aid to countries in need of assistance.

Chapter 2

Global Trends in International Development Aid



The roots of international development aid can be traced back to the Marshall Plan introduced by the United States in 1947, and the establishment of the United Nations and related international organizations, such as the International Monetary Fund (IMF) and World Bank (WB). The scope and practices of international cooperation have expanded and undergone gradual adjustments in step with changes in the international environment. 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 keep abreast of the major issues of the day.

2.1 Evolution of International Aid

Today, ODA programs are mostly sponsored by the 23 members of the Development Assistance Committee (DAC) under the OECD. Despite the massive destruction they sustained during World War II, Western European nations began assisting former colonies with economic and social development, through aid and cooperation, soon after their own postwar recovery took hold. Japan also started to offer assistance to its Asian neighbors after paying war reparations. Aid efforts were mostly shouldered by Japanese businesses, which proved conducive to fostering Japan's own economic development.

During the Cold War, aid was used as a key diplomatic tool to expand the donor country's international influence and

bolster its strategic dominance. It was not until the latter part of the 20th century that the notion of humanitarianism gradually took hold. African countries to the south of the Sahara came under the spotlight as they were confronted with chronic threats of natural disasters, contagious diseases and civil war. Furthermore, judicial and democratic reform in developing countries, transnational issues including drug control and environmental protection, and market-oriented economic reform have also become important themes for international development cooperation.

Criticism of international cooperation, however, began to pick up even as its scope continued to expand owing to a growing influx of resources. People took fault with the motives of aid donors and choice of aid recipients, as well as with the allocation and utilization of aid resources. Thus, with a view to enhancing the effectiveness and credibility of aid provision, establishing common goals and norms became an urgent task for the international community.



2.2 UN Millennium Declaration & Millennium Development Goals

In order to better integrate international aid resources, the UN General Assembly adopted the Millennium Declaration in September 2000, pledging to push for balanced development in the world. The General Assembly also laid down eight Millennium Development Goals (MDGs) to be attained by the year 2015. The eight MDGs are as follows:

Goal 1: Eradicate extreme poverty and hunger

Reduce by half the proportion of people living on less than a dollar a day and that of people who suffer from hunger.

Goal 2: Achieve universal primary education

Ensure that all boys and girls complete a full course of primary schooling.

Goal 3: Promote gender equality and empower women

Eliminate gender disparity at all levels of education.

Goal 4: Reduce child mortality

Reduce by two thirds the mortality rate among children under five.

Goal 5: Improve maternal health

Reduce by three quarters the maternal mortality ratio.



Goal 6: Combat HIV/AIDS, malaria and other diseases

Halt and begin to reverse the spread of HIV/AIDS, as well as the incidence of malaria and other major diseases.

Goal 7: Ensure environmental sustainability

Integrate the principles of sustainable development into country policies and programs, and reverse the loss of environmental resources; reduce by half the proportion of people without sustainable access to safe drinking water; achieve significant improvement in the lives of at least 100 million slum dwellers.

Goal 8: Develop a global partnership for development

Develop further an open, predictable, non-discriminatory trading and financial system; address the special needs of the least developed countries; address the special needs of developing landlocked countries and small island states; deal comprehensively with the debt problems of developing countries through national and international



measures; join developing countries in devising strategies to provide young and middle-aged people with suitable production jobs; in cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries; in cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

The MDGs make up a blueprint for turning all the aspirations shared by mankind into reality. They are not only being used by developed countries as the primary framework for devising international cooperation projects, but also as a gauge for determining if these projects are producing the desired results.

2.3 Paris Declaration on Aid Effectiveness

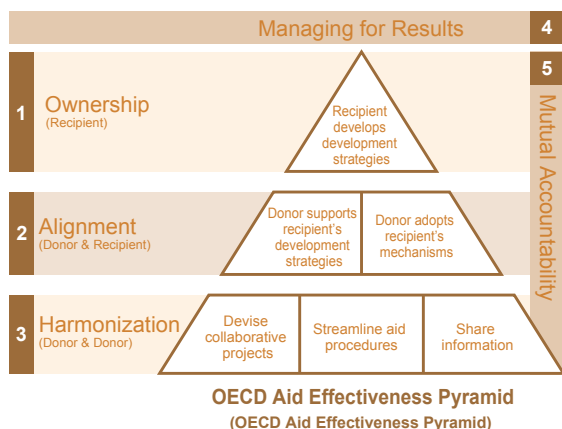
2.3.1 Developments prior to the Paris Declaration

The Millennium Declaration was followed by a United Nations International Conference on Financing for Development, in Monterrey, Mexico, in March 2002. The

conference concluded with the Monterrey Consensus, whereby it was agreed that developed countries should expand their aid and assist recipient countries through investment, trade and technological cooperation, so as to attain the MDGs by the scheduled 2015. In 2003, the OECD adopted the Rome Declaration on Aid Harmonisation, stressing the need to make sure that aid programs cater to the needs of recipient countries and improve development effectiveness as a whole.

By 2005, the cumulative value of ODA programs sponsored by the OECD's Development Assistance Committee had exceeded US\$100 billion. Statistics showed that over 200 bilateral and multilateral organizations were engaged in more than 600 international aid projects, with some recipient countries taking in aid from 40 countries or international organizations simultaneously. These figures pointed to a clear lack of coordination mechanisms for cross-border aid.

To set norms to be observed by all, facilitate coordination and enhance the transparency and effectiveness of aid, the OECD held a high-level forum in Paris in March 2005. The participants—ministerial-level officials from 90 countries and heads of 26 multilateral international bodies—endorsed the Paris Declaration on Aid Effectiveness. Seven of the signatory countries were Taiwan's diplomatic allies: Burkina Faso, the Dominican Republic, Nicaragua, the Solomon Islands, The Gambia, Honduras and Guatemala. Mainland China was also a signatory.



2.3.2 Partnership Commitments of the Paris Declaration

The five Partnership Commitments of the Paris Declaration are as follows:

Commitment 1—Ownership: Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions.

Partner countries commit to:

- Exercising leadership in developing and implementing their national development strategies.
- Translating these strategies into prioritized results-oriented operational programs expressed in medium-term expenditure frameworks and annual budgets.
- Taking the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

Donors commit to:

- Respecting partner country leadership and helping strengthen their capacity to exercise it.

Commitment 2—Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures.

Donors commit to:

- Supporting partners' national development strategies and adopting periodic reviews of progress in implementing these strategies.
- Whenever possible, using the partner's own budgeting and financial systems as the framework rather than setting up new institutions for specific projects.
- Providing reliable indicative commitments of aid over a multi-year framework and disbursing aid in a predictable fashion.

Partner countries commit to:

- Intensifying efforts to improve the public financial management system, making transparent budget execution and strengthening evaluation mechanisms.

Commitment 3—Harmonization: Donors' actions are more harmonized, transparent and collectively effective.

Donors should base their implementation, distribution, monitoring and evaluation on partner countries' development strategies, keeping overlapping or dispersion of resources to a minimum. They should also



make full use of their respective comparative advantages to assist partner countries in the execution of programs. When it comes to delivering aid to fragile states, harmonization in the form of collaborative analysis, evaluation and strategy-setting is all the more crucial.

Commitment 4—Managing for results: Managing resources and improving decision-making for results.

Partner countries should strengthen the linkages between national development strategies, and annual and multi-annual budget processes, and endeavor to establish results-oriented reporting and assessment frameworks. Donors should be aligned with partner countries' program monitoring and reporting, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies. Both parties should commit to strengthening the partner countries' capacity building.

Commitment 5—Mutual accountability: Donors and partners are accountable for development results.

Partner countries should strengthen the parliamentary role in national development strategies and budgets, as appropriate. Donors should provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens. Both parties are also to jointly assess, through existing

country-level mechanisms, mutual progress in implementing agreed commitments on aid effectiveness.

In addition to the principles and partnership commitments stated above, the Paris Declaration contains 12 performance indicators for evaluating aid projects and concrete goals meant to be attained by the year 2010. These will be used as a framework to help determine if aid donors and recipients have fully honored their commitments.

With the advent of the 21st century, the MDGs of the United Nations have spelled out for the first time a unified objective for all those who engage in international aid. The Paris Declaration goes a step further by laying down clearly defined action guidelines for both aid donors and recipients. To enhance aid effectiveness, the international community is now working on coordinating aid targets, the allocation of resources and the implementation steps. By establishing a complete framework for international cooperation in line with the MDGs and by readjusting the nation's aid model to fit with the Paris Declaration, MOFA is ensuring that Taiwan conforms to global trends and plays the role of responsible stakeholder in the international community.



Chapter 3

Taiwan's Transformation from Aid Recipient to Donor



Full-scale reconstruction was the most urgent task awaiting the ROC government after its relocation to Taiwan in 1949. In addition to the military threat across the Taiwan Strait, the island faced an economic plight, with a dramatic expansion in the population compounded by shortages of daily necessities. But the people and government of Taiwan persisted. Buoyed by assistance from the international community, Taiwan was able to surmount all difficulties

and achieve what eventually came to be known as an economic miracle. This laid the solid foundations for Taiwan's ultimate transformation from aid recipient to aid donor.

3.1 Aid Granted to Taiwan

3.1.1 US aid

Beginning in 1951, the US provided a total of US\$1.482 billion of project and non-

Table 1: Summary of US Aid to Taiwan

Time	Planned Aid (US\$million)				Extended Aid (US\$million)		
	General Projects	Commitments Canceled Year Earlier	Non-Project Assistance	Project Assistance	Total	Non-Project Assistance	Project Assistance
FY1951-54	375.2	~	300.4	74.8	375.2	300.4	74.8
1955	140.6	7.8	105.9	42.5	132.0	96.4	35.6
1956	92.8	15.6	73.3	35.1	101.6	69.5	32.1
1957	112.3	6.3	67.2	51.4	108.1	65.2	42.9
1958	78.8	8.8	53.2	34.5	81.6	51.9	29.7
1959	130.9	8.2	75.0	64.1	128.9	73.7	55.2
1960	99.2	6.9	71.8	34.2	101.1	68.7	32.4
1961	98.0	~	73.0	25.0	94.2	70.4	23.8
1962	70.3	~	63.2	7.1	65.9	59.3	6.6
1963	119.6	~	117.5	2.1	115.3	113.5	1.8
1964	101.7	0.3	43.4	58.6	83.9	37.3	46.6
1965	77.4	~	76.8	0.6	56.5	56.1	0.4
*1966	4.2	~	4.2	~	4.2	4.2	~
*1967	4.5	~	4.5	~	4.4	4.4	~
*1968	41.3	~	41.3	~	29.3	29.3	~
Total	1,546.8	53.9	1,170.7	430.0	1,482.2	1,100.3	381.9

Source: Council for Economic Planning and Development, *Taiwan Statistical Data Book 2008* (Taipei), p. 249.

* While the US announced that aid to Taiwan would be terminated in June 1965, projects it had already signed up for earlier would be completed as planned.

project assistance to Taiwan over the course of 15 years (see Table 1). Of this, US\$1.029 billion, or 70%, came as economic aid; US\$387 million, or 26%, took the form of agricultural products; and US\$65.81 million, or 4%, came as development loans (see Table 2). US aid, including supplies of materials, equipment, technology and labor, constituted the bulk of the international aid Taiwan received during those years. A number of institutions were established specifically to facilitate the implementation of various programs drawing from US aid, including the Council for US Aid, the



Economic Stabilization Board and the Joint Commission on Rural Reconstruction.

As part of the aid implementation strategy, Taiwan's government and receiving

Table 2: Use of US Development Loans

Recipient	Loan Amount (US\$1,000)	Percentage of Total
Asia Cement Corp.'s Plant Construction	2,992	4.5
Construction of Shimen Dam	21,485	32.6
Expansion of Railway Equipment	3,026	4.6
Land Bank of Taiwan's Refinancing for Developing Refrigeration Equipment and Engines Meant for Fishing Vessels	683	1.0
Loans for Small Industrial Projects	2,483	3.8
Pioneer Chemical Corp.	1,000	1.5
Renovation of Taiwan Aluminum Corp.'s Smelting Equipment	1,343	2.0
Procurement of Diesel Electric Locomotives	5,896	9.0
China Development Corp.	8,780	13.3
Construction of a Thermal Power Plant in Southern Taiwan	1,979	3.0
Taiwan Power Co.'s Thermal Power Plant in Southern Taiwan	14,399	21.9
Hsinchu Glass Co.'s Expansion	1,516	5.9
Taiwan Power Co.'s Thermal Power Generation Equipment at Shenao	234	0.4
Total	65,816	100.0

Source: Sonya Wen, "US Aid and Taiwan's Dependent Development," Graduate diss., National Chengchi University, Taipei, 1988, p. 82.



Photo: Central News Agency



Photo: Central News Agency

agencies promised to match US grant aid dollar for dollar, thus 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. After US aid was terminated in June 1965, the two countries decided to make use of the outstanding balance of the aforementioned reserves by setting up the Sino-American Fund for Economic and Social Development to further grow the economy and sponsor international exchanges.

3.1.2 Aid from international organizations

Given that the US was the earliest and largest donor, US aid became synonymous with the international assistance Taiwan received. However, both Japan and Saudi Arabia also extended loans to Taiwan. Furthermore, international organizations such as the World Health Organization, the International Development Association, the World Bank and the Asian Development Bank also provided loans and technical cooperation to help Taiwan with its transportation infrastructure, industrial facilities, financial development, improvement of medical care and public health, agricultural and fisheries development, education and personnel training programs (see Table 3 and 4).

Thanks to decades of concerted efforts by the people and government, as well as its successful financial and economic reform policies, Taiwan was able to gradually break away from its reliance on foreign aid and eventually become an aid donor. Taiwan received approximately US\$100 million per year—equivalent to 9% of GDP at the time—and a total of US\$2.4522 billion in foreign aid, which serves as a reminder that we should be more proactive in reciprocating the international community's generosity by providing foreign aid and sharing the invaluable "Taiwan Experience".



Table 3: Loans from International Organizations to Taiwan

World Bank (1961-1971)				
Project	Amount (US\$1,000)	Interest Rate	Maturity Period (Years)	Grace Period (Years)
Deep Sea Fisheries Development Project I	7,800	5.5%	15	3
Deep Sea Fisheries Development Project II	14,400	6.0%	15	3
China Development Corp. I	15,000	5.5%	15	-
China Development Corp. II	15,000	Market Rate	15	-
China Development Corp. III	18,000	7.0%	15	-
Taiwan Railway Administration's Railway Expansion I	2,000	5.5%	20	4
Taiwan Railway Administration's Railway Expansion II	17,500	6.25%	15	3
Taiwan Railway Administration's Railway Expansion III	31,200	6.5%	15	3
Taiwan Railway Administration's Railway Expansion IV	15,000	7.25%	15	3
Taiwan Railway Administration's Expansion in Electrification I	50,000	6.5%	25	6
Taiwan Railway Administration's Expansion in Electrification II	44,000	7.0%	20	5
Taiwan Railway Administration's Expansion in Electrification III	55,000	7.25%	20	5
Chunghwa Telecom Co., Ltd.'s Network Expansion	17,000	6.0%	20	4
Educational Programs	9,000	7.0%	25	10

Source: Yeh Hsueh-hsi, *Inflow of International Capital* (Taipei: Linking Publishing, 1981) pp. 13-18.

Table 4: Loans from International Organizations to Taiwan

Asian Development Bank (1967-1971)				
Project	Amount (US\$1,000)	Interest Rate	Maturity Period (Years)	Grace Period (Years)
North-South Freeway I	400	6.875%	10	2
North-South Freeway I	100	-	-	Cash Donation
North-South Freeway II	18,000	6.875%	20	3.5
North-South Freeway III	13,600	7.5%	20	3.5
Chinese Petroleum Corp.'s DMT Plant	10,200	6.875%	12	3
Deep Sea Fisheries	6,400	6.875%	13	3
Taiwan Aluminum Corp.'s Expansion	2,670	6.875%	13	3
Trailing Suction Dredger for Hualien Harbor	990	6.875%	13	3
Taiwan Power Co.'s Transmission & Distribution System I	12,880	7.5%	19	3.5
Taiwan Power Co.'s Transmission & Distribution System II	22,500	7.5%	19	3.5
Taiwan Power Co.'s Liwu Power Plant	500	7.5%	10	2
China Development Corp.	7,500	7.5%	15	3

Source: Yeh Hsueh-hsi, *Inflow of International Capital* (Taipei: Linking Publishing, 1981) pp. 21-23.

3.2 Taiwan's Foreign Aid

3.2.1 The 1960s

On December 28, 1959, the arrival of Taiwan's first agricultural technical mission in Saigon (Ho Chi Minh City), Vietnam, with the financial backing of the US government, marked Taiwan's first foray into international aid. Operation Vanguard, launched in 1960, saw Taiwan begin to dispatch agricultural missions to assist emerging independent states in Africa with modernizing their agricultural production and to garner support for the ROC's representation in the United Nations. At one time, the number

of Taiwan's agricultural specialists in Africa exceeded 1,200. The ROC-Africa Technical Cooperation Committee was established in 1962 to further expand the program. Operation Vanguard made a



major contribution to boosting Taiwan's international standing, as the number of African countries supporting the ROC's UN representation nearly doubled to 17 in 1962, from just nine the previous year.

3.2.2 1970s to 1990s

Taiwan lost its UN seat on October 25, 1971. To better cope with the intense diplomatic rivalry across the Taiwan Strait, the government merged the ROC-Africa Technical Cooperation Committee with MOFA's Committee of International Technical Cooperation in 1972. The new entity, the Overseas Technical Cooperation Committee (OTCC), was tasked with organizing and managing Taiwan's agricultural and fisheries missions in friendly developing nations.

In the 1980s, Taiwan caught the world's attention with its stellar economic performance, despite a string of political setbacks in the international arena. As a newly industrialized country that had amassed huge foreign exchange reserves, Taiwan sought to expand its foreign relations through development aid. 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 developing nations.

3.2.3 Establishment of the TaiwanICDF

A new world order took shape in the 1990s after the Cold War drew to an end. International aid was increasingly



President Ma explains the new thinking behind Taiwan's foreign aid initiative to TaiwanICDF's board of directors, supervisors and staffers (September 18, 2008).

linked to development and cooperation between partners. As aid operations became increasingly complex and specialized, local authorities were keenly aware of a growing need to consolidate all aid resources so as to further strengthen international cooperation and bolster foreign relations. As such, the government launched a specialized aid agency, the International Cooperation and Development Fund (TaiwanICDF), on July 1, 1996. The TaiwanICDF subsequently incorporated the operations of the OTCC and the IECDF.

Currently, the TaiwanICDF is entrusted by MOFA with such aid operations as technical and medical missions, and international human resource development. In addition to making related investments and providing loans, it offers technical assistance, hosts overseas volunteer programs, offers humanitarian aid, organizes international workshops and sponsors scholarships. The TaiwanICDF has now become a key driver

behind MOFA's efforts to promote aid and cooperative programs, and to improve

Taiwan's foreign relations.

Diagram 1: Taiwan's Donors and Aid Timeline

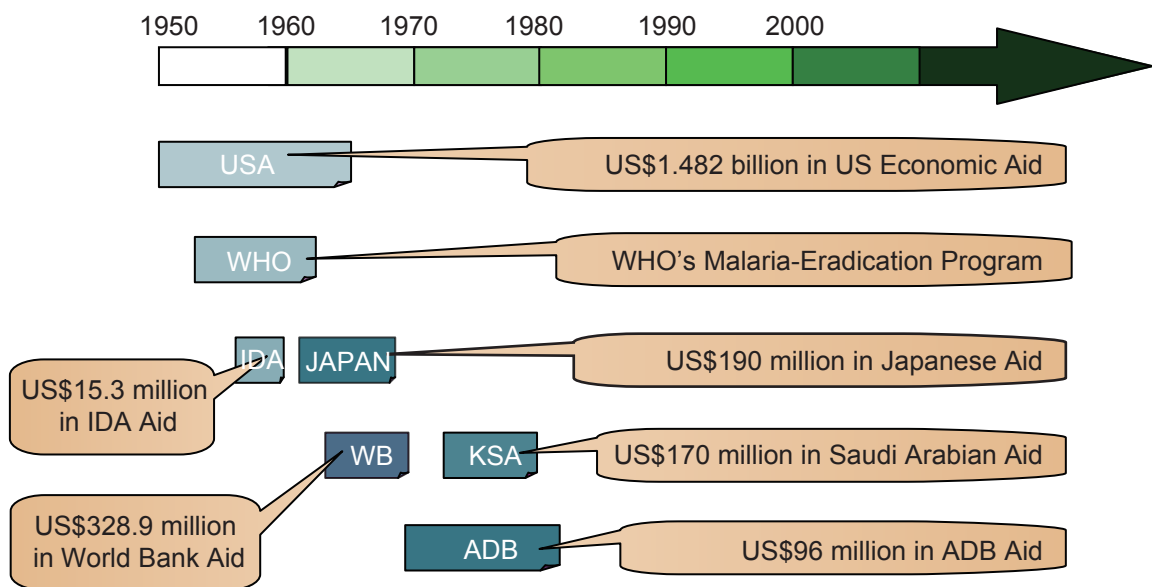


Diagram 2: Evolution of Taiwan's Foreign Aid Institutions



Chapter 4

Taiwan's Current Foreign Aid Work



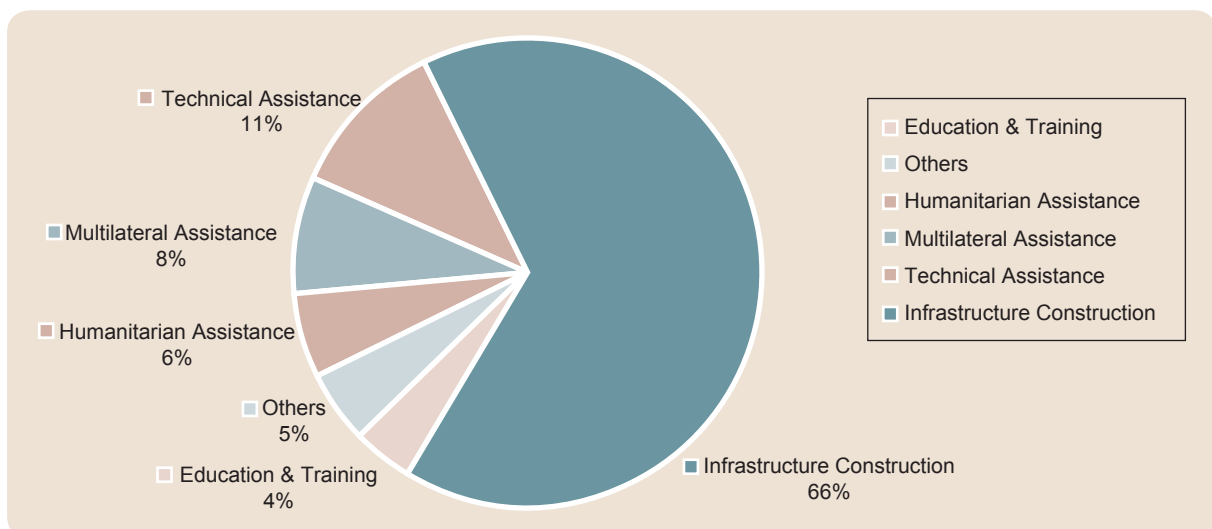
According to the OECD, ODA refers to flows of official financing from donor government agencies or their executive agencies to developing countries listed as their aid recipients. This assistance, which comes in the form of bilateral or multilateral aid, includes preferential or zero-interest loans, cash donations and technical assistance, and is intended to foster the recipient's economic and social development. All of Taiwan's 23 diplomatic allies—with the exception of the Holy See—qualify as its aid recipients.

Preliminary estimates put the ODA extended by the ROC government in 2008 at approximately US\$430 million, or 0.11% of the nation's gross national income (GNI), which falls far short of the UN standard of 0.7%. Bilateral aid made up 92% of this, with the remaining 8% taking the form of multilateral aid. The bulk of Taiwan's bilateral aid, or 66% of the total, went into infrastructure projects. Technical assistance took 11%, humanitarian assistance 6%,



and education and training 4%, with the remaining 5% accounted for by budgetary support. A summary of Taiwan's foreign aid undertaken in 2008 is as follows:

Diagram 3: Taiwan's ODA Projects in 2008



4.1 Bilateral ODA

4.1.1 Assistance with infrastructure projects

In 2008, Taiwan's ODA made possible a total of 306 infrastructure projects, including:

4.1.1.1 Financial development projects (49)

Equipment funding for the governments of the Solomon Islands, Kiribati, Tuvalu, Palau and Nauru; administration expenses for the governments of Swaziland, St. Christopher and Nevis, St. Vincent and the Grenadines, and Belize.

4.1.1.2 Medical care projects (38)

Funding for Burkina Faso's Strategic Program for the Prevention and Control of AIDS and Contagious Diseases, for Swaziland's Program on Medical Equipment for Tuberculosis, for Honduras' Program on Prevention and Control of Breast Cancer, and for the Dominican Republic's Program on Prevention and Control of Bird Flu; donations of medical equipment and supplies to Indonesia, Paraguay, Burkina Faso and Guatemala; and assistance in building hospitals in Kiribati, Saint Lucia and the Dominican Republic.

4.1.1.3 Social development projects (34)

There were two subcategories, social assistance and police administration. The former includes the funding of supplies for poverty-stricken children in the Dominican Republic, Haiti, Paraguay and Panama, and of El Salvador's Program on Nutrition Supplements for Poor Children and Would-Be Mothers. The latter includes donations of police equipment to Swaziland, Nicaragua,

El Salvador and Honduras.

4.1.1.4 Economic development projects (31)

Assistance with Burkina Faso's Program for Making Spirits Distilled from Sorghum, Paraguay's Program for Boosting Exports and the Solomon Islands' Tourism Program, as well as the hydraulic and power supply projects in Nauru, Honduras, Nicaragua, and São Tomé and Príncipe.



4.1.1.5 Transportation development projects (29)

Assistance in constructing or repairing airports, highways and harbors in The Gambia, São Tomé and Príncipe, Swaziland, Guatemala, Haiti, Nauru and Palau; assistance in procuring transportation equipment for the governments of Panama, the Marshall Islands, Honduras and Kiribati.



4.1.1.6 Educational development projects (27)

Funding of teaching materials, equipment or school construction in The Gambia, the Marshall Islands and Guatemala; assistance with the Solomon Islands' Program on Overseas Education and Training, and Chinese-teaching programs in Burkina Faso and the Dominican Republic.

4.1.1.7 Fisheries and agricultural development projects (27)

Funding of The Gambia's Program on Building Fish Farms, Burkina Faso's Program on the Development of Fish Farming, São Tomé and Príncipe's Program on Fish Market and Dock Construction, Nicaragua's Program on Improving Agricultural and Livestock Production Systems, and Saint Lucia's Program on Organizing and Cultivating Aquaculture Labs and Program on Slaughterhouse Construction.

4.1.1.8 Cultural development projects (26)

Assistance in Kiribati's Program on Broadcast Services across the Northern Gilberts and Guatemala's Program on Preserving Antigua; funding of sports events and/or equipment procurement in Burkina Faso, The Gambia, El Salvador, and St. Christopher and Nevis.

4.1.1.9 Technological development projects (21)

Funding of computer procurements for government agencies and schools in St. Vincent and the Grenadines and six other countries; funding of programs for bridging

the digital divide in São Tomé and Príncipe and Swaziland; assistance in Guatemala's Program for Integrating Information Systems and Program on Private-Sector Communication Systems.

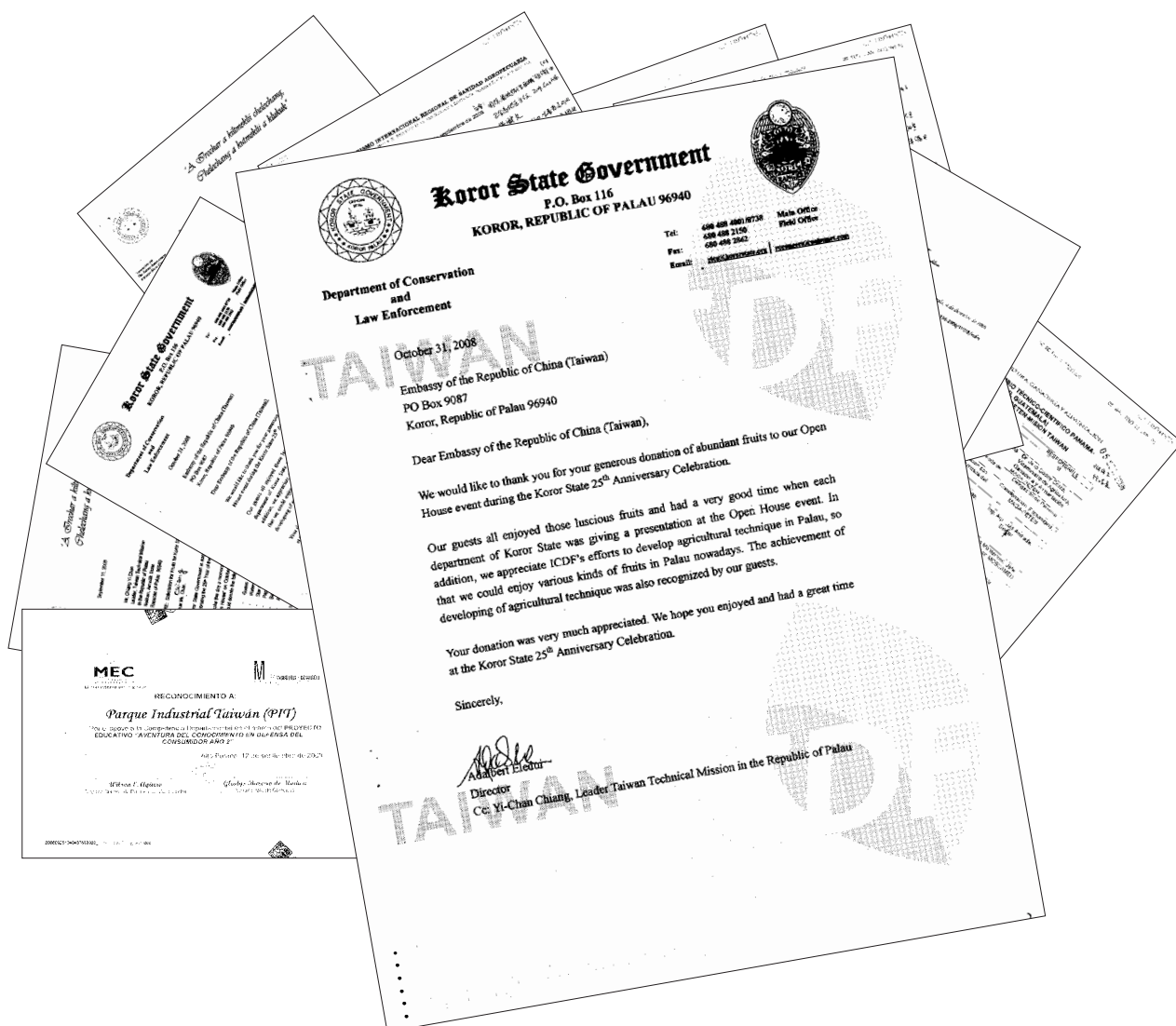
4.1.1.10 Community development projects (17)

Funding of public housing and other community projects in the Solomon Islands, Kiribati, Honduras, El Salvador, Paraguay, Saint Lucia, The Gambia, and São Tomé and

Príncipe.

4.1.1.11 Environmental protection projects (7)

Assistance in Solomon Islands' Nationwide Forestation Campaign, Palau's Program on Improving Sewage Disposal Systems, Haiti's Point Sable Beach Renovation Program, Honduras's Program on Prevention and Control of Natural Disasters in the West, and Tuvalu's Waste Reduction Program.



Letters from recipient governments in appreciation of Taiwan's aid

4.1.2 Technical assistance

Taiwan provides technical assistance through various cooperative projects undertaken by its technical and medical missions and volunteers.

4.1.2.1 Technical missions

Based on the specific conditions and needs of our partner countries, Taiwan's technical missions offer advice and guidance on industry development. A project-oriented approach is used to set up a viable

framework for industries to effectively meet market needs and ensure returns on investments. Cooperative projects span the areas of agronomy, horticulture, aquaculture, animal husbandry, food processing, information technology and vocational training. In recent years, an infusion of new blood from volunteers and "alternative military servicemen" has contributed to the diversification of the services offered by technical missions. In 2008, 30 technical



Foreign media coverage of Taiwan's aid

missions from Taiwan consisting of a total of 210 specialists and 80 alternative military servicemen were dispatched to 28 countries in the Asia-Pacific region, West Asia, Africa and Latin America. They were in charge of 83 cooperative projects (see Table 5).

4.1.2.2 Permanent and mobile medical missions

In addition to providing medical care, Taiwan's medical missions conduct in-depth studies of the specific healthcare problems found in their respective partner country with a view to improving the quality of local medical care and sanitation. They also regularly travel to remote areas to treat local residents and teach them sanitation concepts. In order to raise the quality of the medical institutions of developing countries, the missions also help train local medical professionals through clinical teaching. As of 2008, Taiwan had two medical missions arranged by the Department of Health in the

Solomon Islands and the Marshall Islands. Furthermore, MOFA commissioned the TaiwanICDF to station medical missions in three of Taiwan's diplomatic allies in Africa: Burkina Faso, São Tomé and Príncipe and Swaziland. Responsible for six projects, the missions were composed of 22 medical doctors specializing in internal medicine, surgery, obstetrics/gynecology and pediatrics, as well as 14 alternative military servicemen with a medical or public health background. Over the years Taiwan's medical missions have paid special attention to the public health and medical topics that the United Nations and the World Health Organization consider to be of particular importance. In the meantime, they have worked with the authorities of partner countries to develop cooperative projects that best cater to their country's specific needs, thus putting the limited medical resources available to the best use.

Table 5: Taiwan's technical (medical) missions in 2008

Project Category	Project Area (Hectares)	Number of Trainees	Crop Output (US\$)
Agronomy	20,575	14,493	35,224,759
Horticulture	1,939	8,891	12,597,931
Aquaculture	372	4,089	5,444,008
Animal Husbandry	-	4,814	3,130,767
Food Processing	-	940	603,988
Information/Vocational Training	-	1,298	223,800
Medical Care	-	414	-
Others	448	5,239	25,899,427
Total	23,334	40,178	83,124,681

Table 6: Taiwan's Mobile Medical Missions in 2008

Numbers of Countries Served and Missions Dispatched	18 missions spanning 13 countries Latin America & Caribbean: Honduras, Guatemala (2), Haiti, St. Christopher and Nevis, Saint Lucia Pacific: Marshall Islands (2), Republic of Kiribati (2), Palau, Papua New Guinea, Tuvalu (2), Solomon Islands, Nauru (2) Southeast Asia: North India
Number of Partner Hospitals	16 (Chi Mei Medical Center, China Medical University Hospital, Chung Shan Medical University Hospital, Cardinal Tien Hospital, Chia-Yi Christian Hospital, Changhua Christian Hospital, Show Chwan Memorial Hospital, Kaohsiung Medical University Chung-Ho Memorial Hospital, Chang Gung Memorial Hospital, Kuang Tien General Hospital, Wan Fang Hospital, Taichung Veterans General Hospital, Taipei Veterans General Hospital, Tri-Service General Hospital, Mackay Memorial Hospital, Taiwan Nongovernmental Hospitals & Clinics Association)
Total Number of Mission Workers	165
Total Days of Services Rendered	More than 190 days
Total Number of Patients Served	More than 32,000
Resources Contributed (Manpower Included)	USD\$1,831,348

The TaiwanICDF also has worked with healthcare institutions belonging to the International Healthcare Cooperation Strategic Alliance to send medical

professionals from Taiwan on short-term (from two to three weeks) mobile medical missions to nations friendly to Taiwan. In addition to teaming up with their counterparts



abroad to provide medical services, the missions conducted instructor-training programs and upgraded the functions of local medical facilities. In 2008 alone, 18 mobile medical missions were sent to offer free medical services in 13 countries in the Asia-Pacific region, Central America and the Caribbean.

4.1.2.3 Overseas volunteer corps

To encourage the average citizen to become involved in Taiwan's related diplomatic efforts and international cooperation, the TaiwanICDF organized the overseas volunteer corps in December 1996. Beginning in 2005, the program opened its doors to volunteers from the business community and academic institutions as well. In 2008, the TaiwanICDF sent to Taiwan's diplomatic allies and other friendly nations a total of 86 long- and short-term volunteers, contributed their expertise in such fields as education, information technology, SMEs, medical care and agriculture. To support MOFA's initiative to promote sustainable environmental development, another 11 environmental protection experts were dispatched to Taiwan's diplomatic allies.



4.1.3 Humanitarian Assistance

When major natural disasters strike, Taiwan extends timely humanitarian assistance to affected countries and their people. In 2008, for instance, Taiwan provided disaster relief to victims of floods in India, Guatemala, Ecuador and Panama, and to those of major storms in Myanmar, the Philippines, Haiti, Belize and Honduras. Meanwhile, Taiwan offered assistance through the Holy See to the people of 10 countries, including Colombia, Pakistan and Congo, hit by natural disasters or afflicted by war. Furthermore, MOFA has subsidized the Taiwan International Health Action (TaiwanIHA), Taiwan Root Medical Peace Corps, and North American Taiwanese Medical Association (NATMA). These groups have provided emergency medical aid and rescue services in Ecuador, Swaziland and Nicaragua in their time of need.

In addition, Taiwan offers medical supplies and daily necessities to countries in need out of humanitarian considerations. In 2008, Taiwan made the following donations:

4.1.3.1 Medical equipment

Medical equipment to the Marshall



Islands, Solomon Islands, Belize and El Salvador; wheel chairs through domestic charities, such as the Pu-Hsien Educational Foundation and Eden Social Welfare Foundation, to around a dozen countries, including The Gambia and El Salvador.

4.1.3.2 Rice

Rice totaling 19,000 metric tons to Haiti, Kiribati, Nauru, the Marshall Islands, Nicaragua and Swaziland.

4.1.4 Education and training

To help developing countries create employment opportunities and enhance the overall capabilities of their people, Taiwan offers them financing, funds, technical assistance and training programs. Due to the solid friendships built during their training in Taiwan, the foreign participants often end up serving as the driving force behind subsequent cooperative projects. Education and training mainly falls under three categories: vocational training, on-the-job training and higher education:

4.1.4.1 Vocational training

A sufficiently competent workforce is crucial to a nation's competitiveness.

To assist partner countries improve local vocational training programs and better prepare the students for the job market, in 2008 Taiwan offered financial assistance to vocational training programs in Burkina Faso and to centers that teach sewing and cosmetology in Haiti. For vocational training programs in The Gambia, El Salvador, Guatemala, Honduras and Nicaragua, Taiwan's assistance took the form of loans. Furthermore, Taiwan provided technical assistance to vocational training programs in three other countries: the Kingdom of Swaziland, Belize and Ecuador.

At an Asia-Pacific Economic Cooperation (APEC) event in 2004, Taiwan proposed the formation of the APEC Digital Opportunity Center (ADOC). As of December 2008, Taiwan had collaborated with seven other APEC members (Chile, Indonesia, Peru, the Philippines, Papua New Guinea, Vietnam and Thailand) to create 43 ADOCs, thanks to which some 70,000 people have been trained in the field of information and communication technologies (ICT).

4.14.2 On-site training

To help the governments of partner



countries enhance their efficiency, MOFA and the TaiwanICDF jointly sponsor a variety of international workshops each year, with the “Taiwan experience” as the primary theme and current major international development issues as secondary topics. These workshops cover national security, land policy, economic and trade affairs, agriculture, fisheries, ICT, public health and medical care, and environmental protection. In 2008, MOFA and the TaiwanICDF either hosted or subsidized 28 workshops for a total of 628 participants, mostly government officials and staff members of international organizations, from 55 developing countries. Other governmental agencies, including the Ministry of Education, Ministry of Economic Affairs, Department of Agriculture and Department of Health, have offered eight other training programs on a variety of subjects.

4.1.4.3 Higher education

Currently, the ROC government offers two scholarships for higher learning associated with international development and cooperation: the Taiwan Scholarship and the TaiwanICDF’s Higher Education

Scholarship. The Taiwan Scholarship, jointly sponsored by MOFA, the Ministry of Education, Ministry of Economic Affairs and National Science Council, is designed to help students from Taiwan’s diplomatic allies and other friendly nations pursue their undergraduate or graduate education in Taiwan. In 2008, a total of 1,355 students received this scholarship. The TaiwanICDF’s Higher Education Scholarship was initiated in 1998 to sponsor students attending one of the 23 international training programs offered in English by 15 of Taiwan’s academic institutions. In 2008, a total of 223 foreign students who came to Taiwan for their higher education received the scholarship.

4.2 Multilateral Assistance

Taiwan’s multilateral assistance to benefit the economic and social development of developing countries falls into the following three categories:

4.2.1 Donations to international organizations and institutions

In 2008, Taiwan made donations to the Asian Development Fund (ADF) of the Asian Development Bank (ADB). Donations also have been made to the Republic of China-Central American Economic Development Fund, Asian Productivity Organization (APO), Food and Fertilizer Technology Center (FFTC) and Asia Pacific Association of Agricultural Research Institutions (APAARI) in order to help developing countries with their capacity-building and infrastructure development. In addition,



Taiwan has made financial contributions to the Global Horticulture Initiative of the World Vegetable Center and the Young Americas Business Trust (YABT) of the Organization of American States (OAS).

4.2.2 Funds created for cooperation with international organizations and institutions

Taiwan has contributed financially to the European Bank for Reconstruction and Development (EBRD) for the TaiwanBusiness-EBRD Technical Cooperation Fund set up to assist countries in Central and Eastern Europe and members of the Commonwealth of Independent States. Taiwan also has joined forces with the humanitarian institution Mercy Corps to establish the Emergency Response Fund so as to provide people afflicted by natural disasters or other calamities with timely relief.

4.2.3 Joint investment and financing through international organizations and institutions

In addition to making direct infusions of badly needed capital into developing countries, investment and financing from abroad help to invigorate their private sector, create jobs, and foster new networks for economic interaction and trade, thereby bringing about new business opportunities for the source countries. Taiwan, a member of both the ADB and the Central American Bank for Economic Integration (CABEI), has worked closely with the Inter-American



Development Bank (IDB) and the EBRD. 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) at the EBRD to offer financing to and invest in partner countries.

Overview of Taiwan's Technical and Medical Missions in 2008





Map of Where Taiwan's Technical and Medical Missions Are Based

Source: The TaiwanICDF 2008 Annual Report

Chapter 5

New Approaches to Foreign Aid under Flexible Diplomacy



The government's new flexible diplomacy policy has led to changes in the way Taiwan offers assistance to foreign countries. President Ma Ying-jeou has called on government officials to adhere to appropriate motives, due diligence and effective practices when offering assistance. With this in mind, MOFA has conducted a full review of the nation's foreign aid initiatives and has adjusted its aims and practices accordingly. In sum, the government is seeking ways to promote partnerships for progress with Taiwan's diplomatic allies and friendly countries so as to advance their sustainable development. In the process, the bilateral relations between Taiwan and these countries will be consolidated even further. Meanwhile, the government will take the Paris Declaration on Aid Effectiveness as its guideline for establishing results-oriented cooperation models that meet professional standards so that Taiwan's foreign aid may fully conform to international practices and expectations.



5.1 Partnerships for Progress

With its newly readjusted foreign aid initiatives, Taiwan is taking the Paris Declaration as a reference to formulate

specialized and effective models for international cooperation. Besides enjoying benefits from the growth of its diplomatic allies, Taiwan is confident that its strengthened cooperation and coordination with partner countries and international organizations will greatly assist in cementing a richer variety of partnerships.

5.1.1 Establishment of cooperation models that meet professional standards and ensure the co-prosperity of Taiwan and its allies

Of Taiwan's diplomatic allies, 22 are developing countries that remain the most important and closest partners in Taiwan's international cooperation. Taiwan hopes to raise cooperation with them to new levels in a variety of fields through approaches that conform to international practices, meet professional standards and attain maximum effectiveness, thus advancing the prosperity of Taiwan and its allies.

To increase the effectiveness of their endeavors, Taiwan's embassies will fully convey to their host countries the government's basic principles for extending assistance. Diplomatic allies are encouraged to honor the Paris Declaration's first and foremost partner





commitment to ownership while mapping out long-term development plans and priorities. Given its commitment to alignment, Taiwan will first single out its own economic sectors and technologies proven to be internationally competitive. Based on Taiwan's budget considerations, Taiwan and its partner countries will identify through senior-level bilateral negotiations which projects to pursue and determine how to implement them. In the process, they will formulate short-, mid- and long-term plans and projects, and clarify each country's obligations and responsibilities. As a result, enterprises from Taiwan will gain a chance to partake in the construction and procurements related to the projects.

Donations from bilateral assistance projects should be incorporated into the recipient country's existing mechanisms for the monitoring and evaluation of related budgets. Likewise, MOFA is to lay out standard operating procedures for distributing funds in accordance with Taiwan's assistance guidelines and regulations so as to keep track of how the projects are progressing and how the funds are being used. The funds are to be released incrementally as the projects progress, with reports on which to be submitted on

a regular basis. In addition to setting up a pragmatic system to monitor these projects, MOFA will provide long-term assistance on a regular basis as its budget permits, so that the two sides honor their respective duties.

In terms of technical assistance, the concept of "project cycle" has been incorporated into studies on the feasibility of new projects by experts in the related field. They will be supported by comprehensive assessments and cost analyses based on the partner country's political and economic conditions, infrastructure, cultural climate and geographical features. The ultimate objectives for each phase of a given project should also be determined in advance as early as the planning stage of the projects. Meanwhile, clearly defined performance indicators should be established for mid-term and final assessment so that Taiwan's embassies can monitor the projects and devise timely appraisals and recommendations as necessary. In addition, MOFA is to regularly dispatch specialists to conduct on-site inspections of the projects and advise on needed adjustments, if any.

5.1.2 Diversifying partnerships while following global trends

The 8th Millennium Development Goal (MDG) of the UN seeks to form "a global partnership for development." Due to globalization, countries are becoming increasingly interdependent. To jointly overcome the challenges to the environment and development, the diversification of partnerships should be perceived as both a strategy and a goal. In other words, international organizations,



government departments and civic groups should engage in constructive dialogue, strengthen coordination and share resources. Their reward is a reduction in the costs of extending aid and an increase in the effectiveness of development projects. Based on the principles of equality and reciprocity, the ROC government desires to join other donor countries, international development aid organizations, NGOs and other facets of the private sector in order to establish diverse, solid partnerships. While conforming to international conventions, Taiwan does its utmost to help make aid projects more effective and foster political, economic and social development in partner countries.

5.1.2.1 Strengthening coordination with donor countries and international organizations

Taiwan honors the commitment to donor partner harmonization as expressed

in the Paris Declaration so as to avoid the overlapping of aid by donor countries. In addition to taking part in meetings among donor countries, Taiwan hopes to develop a better understanding of other donors' ongoing projects and aid mechanisms through communication and coordination with their responsible agencies and institutions. Meanwhile, Taiwan will seek opportunities to join other donor countries to launch joint technical assistance and education and training programs, thus building partnerships for the common goal of extending aid effectively.

Since withdrawing from the UN, Taiwan has been denied access to aid projects undertaken by such international development organizations as the International Monetary Fund (IMF), World Bank (WB), United Nations Development Programme (UNDP) and United Nations Conference on Trade and Development (UNCTAD). It is indeed regretful that Taiwan's aid initiatives have been excluded from the international framework over the decades. To compensate for this, Taiwan will further enhance its multilateral cooperation with the World Trade Organization (WTO) and regional organizations, including the Asian Development Bank (ADB), European Bank for Reconstruction and



Development (EBRD) and Inter-American Development Bank (IDB). Through well-established cooperative funds, Taiwan will help developing countries with their infrastructure construction and other aspects of their sustainable development. It will also strive for admission into major international development aid organizations so that it can gain an understanding of the latest issues and trends in a timely manner.

5.1.2.2 Enhancing cooperation with NGOs

Thanks to their relative freedom of political interference and detachment from interest groups, NGOs have been playing an increasingly important role in international humanitarian aid. In fact, some of Taiwan's civic organizations in recent years have become highly active in foreign aid initiatives. For instance, volunteers from Taiwan's religious, humanitarian and medical groups promptly joined their counterparts from all over the world in the emergency relief efforts for devastating disasters, such as the earthquake that hit countries bordering the Indian Ocean in 2004 and Cyclone Nargis that ravaged Myanmar in May 2008. In addition, Buddhist charities, such as the Tzu Chi Foundation and Buddha's Light

International Association, have earned accolades from the international community as they, through their chapters across the world, have undertaken a wide range of humanitarian endeavors, including disaster relief, poverty elimination, education promotion and post-disaster reconstruction. MOFA's statistics show that a total of 20 Taiwan-based civic organizations, including the Buddha's Light International Association (ROC), Red Cross Society of the ROC, World Vision Taiwan, Taiwan Root Medical Peace Corps, and DDM Social Welfare and Charity Foundation donated a combined US\$71,914,350 in funds and supplies to developing countries in 2008. In the future, MOFA will continue to enhance its coordination with domestic NGOs and other government agencies with a view to establishing a communication platform that can effectively integrate the private sector's international humanitarian assistance efforts. Through this channel, Taiwan will be able to share experiences and combine resources while assisting in international humanitarian assistance projects. Working together, Taiwan's NGOs and international non-governmental organizations (INGOs) can improve the well-being of all mankind.



Photo: Tzu Chi Foundation



Photo: World Vision Taiwan

At present, Taiwan's cooperation with INGOs is realized through joint funds, as Taiwan's partners such as Mercy Corps are given responsibility for extending international emergency and disaster relief when needed. Another formula is for INGO partners, such as Food for the Poor (FFP) and Action Aid, to provide Taiwan's technical missions with funds for animal husbandry, horticultural and aquacultural projects. In the future, MOFA will continue expanding its partnership with INGOs, thus pooling everyone's resources to assist countries in need of humanitarian aid or technical assistance. It will also strengthen cooperation with specialized international organizations for the cultivation and on-site training of Taiwan's NGO professionals. The goal is to enhance their ability to implement plans and create value, which will help solicit even more international support of their endeavors.

5.1.2.3 Combining the strengths of the private sector

The donor country of a given ODA project typically hires a domestic enterprise to implement the project, thereby benefiting the donor country's businesses while spurring the development of the partner country's infrastructure. MOFA will continue to look into feasible measures to foster greater participation by the local business community in Taiwan's international aid initiatives, thus maximizing the effectiveness of cooperation and creating a winning situation for everyone involved. It will provide subsidies and other investment incentives to encourage Taiwan's businesses to set up factories in diplomatic



President Ma meets Food for the Poor (FFP) President Robin Mahfood. (March 17, 2009)

allies and invest in other developing countries as well. MOFA also will seek 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 in international aid by donating daily necessities to Taiwan's diplomatic allies. It is imperative that businesses comply with the UN Global Compact and OECD Guidelines for Multinational Enterprises when fulfilling their corporate social responsibility (CSR). Together, they can help to raise the quality of life and attain sustainable development in Taiwan's partner countries.

Furthermore, MOFA will have the TaiwanICDF continue to recruit volunteers and alternative military servicemen to bolster Taiwan's technical and medical missions, as well as its IT and Mandarin-language education and environmental protection initiatives abroad. These endeavors will help deepen the friendship between the peoples of Taiwan and its diplomatic allies and

offer some of Taiwan's youths a priceless opportunity to broaden their horizons and better themselves.

5.2 Sustainable Development

It is imperative that Taiwan's international cooperation initiatives follow global trends, that is, they should facilitate sustainable development throughout the world. Therefore, Taiwan will take the UN's Millennium Development Goals (MDGs) as its guideline when formulating aid strategies for each region and individual country. Based on the strengths of its technologies and industries, Taiwan has prioritized the following five MDGs: eradication of extreme poverty and hunger; achievement of universal primary education; combat of HIV/AIDS, malaria and other diseases; attainment of environmental sustainability; and establishment of a Global Partnership for Development. These are being used to formulate the strategies and directions for Taiwan's foreign aid initiatives.

5.2.1 Eradicating extreme poverty and hunger

Highlighting the UN's first and foremost MDG, the world is confronted with

an annual increase of some 4 million people who suffer from hunger. The global food supplies crisis of 2008 provides a strong case for food security to be made the top priority in international development aid. In this light, Taiwan is willing to use its advanced agricultural know-how to help its diplomatic allies expand their food production.

5.2.1.1 Assist in boosting agricultural output to meet food demand

Agricultural development is crucial as it serves as the key source of a country's sustenance and helps ensure food security. Other than eliminating hunger and poverty, agricultural production offers a significant number of job opportunities, employing people for on-farm and related non-farm services and, therefore, greatly stabilizing society.

Taiwan's foreign aid for the agricultural sector of partner countries is geared toward achieving the MDG to eradicate extreme poverty and hunger. Special emphasis is being placed on introducing high-output crops and adopting high-yielding cultivation techniques to boost yields. Meanwhile, low-cost approaches are being adopted for the large-scale development of arable areas. Taiwan also provides capital and equipment



as well as technical training to help diplomatic allies expand food production, thereby assisting them in their long-time goal to meet food demands and eradicate hunger.

5.2.1.2 Inject capital into the private sector to spur industrial growth

After regions and countries meet food demands and erect a stable supply-demand mechanism, micro-business concepts are introduced to them. Empowered by their increased knowledge and skills, farmers in Taiwan's diplomatic allies are encouraged to expand their production to include cash crops, thus accelerating their escape from poverty.

Taiwan eventually will provide these farmers and micro-businesses with short- and medium-term loans as they find it difficult to secure financing elsewhere. In line with the needs of specific industries, Taiwan also will sponsor programs at local occupational schools to build a workforce that can satisfy the needs of the new industries both in terms of quality and quantity. In the meantime, it will integrate all the components essential to industrial development (capital, human resources and know-how) to help the poor earn even more.

5.2.2 Strengthening the development of human resources

Education, another crucial component of the UN's MDGs, plays a key role in eradicating poverty. In response to the impact of globalization and the knowledge economy, many governments have become

keenly aware of the importance of education and occupational training in improving their human resources. Having accumulated a vast pool of educational resources and earned a successful track record in occupational education, Taiwan is set to assist its diplomatic allies in promoting universal education and nurturing a highly skilled and competent workforce.

5.2.2.1 Advance universal primary education

Based on a UNESCO survey, since 2000, although the number of children receiving an education has increased, the quality and universality of primary education have failed to improve markedly. In the future, Taiwan will earmark greater funds for scholarships provided to children of poor families and find ways for more children living in remote areas to receive an education. Furthermore, volunteers will be brought in to help improve the caliber of school faculties, which in turn will improve the quality of education in diplomatic allies and friendly countries.

5.2.2.2 Assist in the cultivation of highly skilled manpower

Drawing from its own educational



resources, Taiwan will continue to assist bright young students from diplomatic allies and friendly countries by providing them with scholarships to attend universities and graduate schools in Taiwan. They will not only become professionals who lead the development of their home countries but also form a pool of partners for long-term cooperation with Taiwan.

5.2.2.3 Reinforce the links between occupational training and industrial development

Taiwan is committed to assisting its diplomatic allies to develop modern occupational training programs for the industries that they have prioritized. This will be done by improving the facilities, overall environment and curricula of occupational schools, cultivating teachers, developing appropriate teaching materials, and offering on-the-job training through international workshops or classes by experts from Taiwan's technical missions.

As the economies of the partner countries differ, Taiwan must have its foreign aid organizations devise strategies for nurturing skilled manpower and implementation plans thereof for each



country. Meanwhile, Taiwan will combine the latest practices for developing human resources with its experience in promoting occupational training and higher education. By so doing, it can help its diplomatic allies even more to improve their national capacity-building and advance their economic development.

5.2.3 Combating infectious diseases and improving health care

Of the UN's eight MDGs, three involve health, sanitation and medical care: to reduce child mortality; to improve maternal health; and to combat HIV/AIDS, malaria and other diseases. It is all too obvious that developing countries urgently need to improve sanitation and medical care and promote a healthy society, which is the reason that Taiwan has made these areas the foci of its international aid.

5.2.3.1 Diversify modes of cooperation

When it comes to international medical assistance, Taiwan will consider a wide range of cooperation models for helping developing countries. This can be accomplished by assisting in hospital



management, strengthening the care of target groups such as women and children, enhancing public health awareness; developing community medical care networks, and pinpointing communities stricken by specific diseases for regular monitoring and control measures. Taiwan also seeks to strengthen cooperation with international organizations so as to provide a wider range of quality medical care services to the people of partner countries.

5.2.3.2 Strengthen cooperation with strategic partners

Taiwan is committed to helping developing countries build a reliable domestic medical care system and enhance the competence of their professional medical care workers, both of which are crucial to the sustainability of medical aid. To achieve this goal, Taiwan will sponsor workshops for medical professionals and invite those from friendly countries to receive clinical training in Taiwan through the International Healthcare Cooperation Strategic Alliance (IHCSA). Furthermore, Taiwan's medical missions will also help train medical professionals in partner countries, with scholarships being offered to those hoping to

pursue a graduate school degree.

International cooperation in medical care calls for greater participation by medical institutions and professionals. In the future, Taiwan will take advantage of its cutting-edge medical technology and success at promoting bilateral and multilateral cooperation. Taiwan's participation in international medical aid efforts will contribute to the realization of the World Health Organization's ultimate goal: Health for All.

5.2.4 Promoting environmental sustainability

As Goal 7 on the UN's list of MDGs (to ensure environmental sustainability), is also a focus of Taiwan's technical cooperation, Taiwan will use its strengths in environmental protection technologies to help its diplomatic allies attain environmental / sustainable development.

5.2.4.1 Assist in geographic information systems (GIS) applications

GIS applications differ widely and can be used for various tasks, such as territorial planning, space utilization, natural resources and environmental monitoring. They can be used to predict natural disasters, assess the scope of damage and prepare rescue missions, thereby making these systems vital to the reduction of human and property loss. Highly proficient and experienced in GIS applications, Taiwan plans to employ such technologies to help diplomatic allies monitor their environment and prepare response measures for natural disasters.



5.2.4.2 Advance environmental protection programs

Taiwan's technical missions promote the development and use of organic fertilizers to help preserve soil fertility. By using the proper amount of irrigation water and introducing organic technologies, Taiwan hopes to reverse local soil degradation. Assistance will also be used in the forestation programs of developing countries to plant trees of a higher economic value, while contributing to soil and water conservation and reducing their carbon footprint. Furthermore, Taiwan will draw from its technological strengths to help diplomatic allies develop renewable energy sources, such as solar energy and biogas. These programs will not only help ensure their energy supply but also reduce their carbon footprint even further.

5.2.4.3 Promote waste-processing and recycling programs

Taiwan will assist developing countries in devising means to dispose and recycle their solid waste more efficiently. In addition to reducing pollution, keeping drinking water safe and improving the quality of life, joint initiatives can generate income from recycling for local residents, while raising their environmental awareness in the process.

5.2.5 Strengthening global partnerships for development

The UN's eighth MDG calls for the establishment of a Global Partnership for Development. Taiwan has focused on three aspects of this goal: "develop further an

open trading and financial system;" "address the special needs of landlocked developing countries and small island developing states" and "in cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies." It is only natural that these should be key areas through which Taiwan can cement solid partnerships with other countries.

5.2.5.1 Responding to Aid for Trade (AfT)

At the WTO's 2005 Ministerial Conference in Hong Kong, WTO members endorsed the Aid for Trade (AfT) work program, which seeks to foster the economic and trade development of developing countries through assistance in trade-related programs, manpower training, institutional reform and infrastructure development.

As one of the world's largest trading powers, Taiwan will continue providing trade-related assistance through the Doha Development Agenda Global Trust Fund. It also will help partner countries build up their trading capacities by engaging in cooperation with such international organizations as the Agency for International Trade Information and Cooperation (AITIC).





5.2.5.2 Meeting the special demands of small island countries

Apart from having a low population and a remote location, small island developing states (SIDS) have come under the spotlight of international aid efforts, as many of these countries are bogged down by poorly functioning public and private sectors, hit frequently by natural disasters, and threatened by climate change. As many of Taiwan's diplomatic allies are island states located in the Pacific Ocean and the Caribbean Sea, Taiwan is committed to extending assistance to them in line with the UN Mauritius Declaration and Strategy released in 2005. Through finance, technology, education and trade initiatives, Taiwan will assist its SIDS allies in the areas of waste disposal, energy, climate change, ecotourism and disaster management.

5.2.5.3 Collaborating with the private sector in making available new technologies, such as information and communication technologies (ICT)

Advances in ICT have bridged the distance between continents, countries and peoples, with interdependence among countries growing due to increased information, cultural and commercial exchanges on the Internet. However, the

imbalanced development across the globe has led to a widening of the digital divide between developed and developing countries, leaving the latter at a disadvantage in the increasingly competitive world market.

To help developing countries narrow the digital divide, Taiwan will take advantage of its ICT strengths and work with the private sector to set up digital centers in partner countries. It also will offer ICT hardware and software as well as training programs to help bridge the gap between these countries and the rest of the world, and that between their urban and rural areas. Moreover, with its vast experience in customizing the design and development of computer systems and software, Taiwan will help partner countries establish e-governments, thereby boosting the management capabilities and efficiency of their government.

By the same token, Taiwan will continue enlisting the aid of related domestic enterprises to help reach two APEC Digital Opportunity Center (ADOC) objectives: 1) to let APEC economies benefit from the opportunities that the Internet brings and transform the Digital Divide into a digital opportunity, and 2) to prepare APEC economies to use the Information Revolution as a passport to the New Economy.

Conclusion

Recognizing that foreign aid has played a key role in its economic development, Taiwan welcomes opportunities to give back to the international community and share its experiences. With half a century of experience promoting foreign assistance, Taiwan considers it necessary to change the nature of its foreign aid to accommodate the latest global trends and usher in a new era of international development aid.

This white paper illustrates the aims of Taiwan's foreign aid, summarizes international aid trends, recounts Taiwan's transformation from a recipient to a provider of aid, and offers an overview of its current aid projects. It clarifies Taiwan's new diplomacy policy and touches upon the essence and operations of Taiwan's foreign aid policy, upon which forward-

looking strategies and aims are being devised. While respecting the spirit of the Constitution and global trends, Taiwan will implement specialized and effective foreign aid programs that conform to international practices, thereby bolstering international cooperation and strengthening its external relations.

International development aid partners must traverse down a long and winding road before they can succeed. This white paper sheds light on the new directions of Taiwan's foreign aid efforts. Although the path ahead is fraught with difficulties, the staff members of MOFA, the TaiwanICDF and Taiwan's missions abroad will continue to be realistic idealists in their endeavors to pioneer new frontiers for Taiwan's international development aid.

