Over the past few months, my colleagues and I at the International Cooperation and Development Fund have spent considerable time and effort mapping out core work programs and planning for 2002, and designing an action plan for the next three years. During our planning, we have found ourselves facing many changes in the international and domestic climates. For example, new diplomatic philosophies were instituted after the Chen government took office in Taiwan in May 2000. Also, the draft International Cooperation and Development Law is before Taiwan’s legislature, and the purposes of overseas technical and medical missions are under review. Finally, decisions made at the government’s recent Economic Development Advisory Conference could have an impact on our work. These changes pose challenges to the ICDF’s future development, prompting us to seriously consider the unique role and functions of our institution as we make new plans.

Defining Basic Philosophies

My colleagues and I have reached a consensus that the ICDF is a professional organization that manages Taiwan’s international cooperation and development efforts. But what does the word “professional” mean in this context? In the past, the ICDF’s specialties and the focal points of its cooperative operations were areas in which Taiwan possessed an international edge. These included planning and management of macroeconomic policies, development of small and medium enterprises, promotion of international trade, human resources development, and the upgrading and transformation of the agricultural sector.

These five areas of expertise, however, are not truly ICDF specialties; rather, they are the pillars of Taiwan’s successful economic development. The compass and import of these two areas are not the same. Although concepts overlap when it comes to the overall competitiveness and potential of Taiwan and ICDF work abroad, to equate the specialties of individual organizations with those of society as a whole can lead to ambiguous identity, or to what sociologists term helplessness/omnipotence syndrome. This attitude is quite common among individuals and organizations, and is manifested in split identities. Faced with the daunting and increasing scope and needs of the world, yet
fortified with wider perspective and higher levels of knowledge, one may feel simultaneously helpless and overly ambitious. Therefore, the areas in which the ICDF should specialize should not be too lofty. Organizational focus should be on management. ICDF administrators must continue to elevate their management skills, while other ICDF personnel also need to increase their knowledge and awareness of management philosophy and techniques.

Probing even deeper, to be a fully professional institution with effective specialization, the ICDF must look at the term “comparative advantage.” This technical term from the field of economics has been misunderstood or used incorrectly in the past. English classical economist David Ricardo hypothesized the theoretical basis for comparative advantage in free trade in the early 19th century. A country has a comparative advantage in the production of a good, Ricardo wrote, if it can produce that good at a lower opportunity cost relative to another country. Opportunity costs, in turn, are the costs associated with the loss of production of one product, when a decision has been made to produce additional units of another product. Comparative advantage was used in contrast to the principle of absolute advantage, penned by Adam Smith in *The Wealth of Nations*. A country has an absolute advantage in production if, relative to another country, it can produce at lower cost or with better productivity.

Absolute advantage theory posits that it is best for countries to develop their different absolute advantages. Countries can then better satisfy the demands of their consumers by engaging in international trade, rather than relying solely on domestic production. However, some countries face shortages of resources and are at a developmental disadvantage. Comparative advantage can ultimately turn into a win-win situation via the specialization and division of labor, allowing interaction between absolute advantage and opportunity costs.

One of the best examples of comparative advantage in modern economics is the agricultural situations in New England and California. New England terrain is hilly and rocky, and the land is not fertile. The region has frigid winters, making it entirely unsuitable to grow tobacco. However, tobacco is one of the agricultural products of Massachusetts and Connecticut. On the other hand, the mild environmental conditions in California seemingly make it more suitable for tobacco, but the state doesn’t produce tobacco at all.

This is an interesting example of comparative advantage. While the land in California possesses an advantage for tobacco production, the state has other better absolute advantages, such as the construction of commercial buildings or growth of highly profitable orange crops. The available agricultural and commercial development options in New England may be limited, but the region possesses a comparative advantage in the growth of tobacco, since the opportunity costs for growing tobacco are comparatively lower than those of California.

A simple explanation makes these concepts easily understood. Absolute advantage is a passive concept, while comparative advantage is one of dynamic development. Viewing the latter within the complex reality of international cooperation and development helps create a model of interaction, enabling the ICDF to select appropriate strategies, with better “comparative advantages.” However, it is not suitable to transplant the concept of comparative advantage indiscriminately, or apply it as a result of theoretical misunderstanding. This can result in incorrect or unduly high expectations.

A New Model in International Cooperation and Development

With these considerations in mind, the aforementioned five areas of Taiwan’s development experience need not be the ICDF’s sole specialties. The organization can safely add to that number. For example, although Taiwan’s technology sector is a model of economic development, Taiwan’s government has vowed to make the biotechnology sector the future
focal point of investment. This approach could be extrapolated to a global scenario, with the ICDF and partner countries exploiting comparative advantage within international cooperation. One example of this approach could be the research and development of Chinese herbal medicines in Taiwan, but the manufacture and processing of products in other nations.

A new international cooperation and development model is gradually emerging. It takes into account the successful elements and high potential of Taiwan’s development experience on the one hand, and the demands and developmental situations of countries the ICDF works with on the other. To capitalize on this new model, an organization that specializes in coordinating and managing a dual-direction mechanism is needed to create a project management environment that boasts a comparative advantage. Such a model of interface management is illustrated in the chart below.

This model requires the integration of various specialized fields, coordinated communication, and specialized planning, design and management ability. Managers need to not only manage cooperation, but also plan for the introduction of new resources. Using the principle of leverage, managers should seek to achieve the maximum impact from the smallest input of resources, reducing financial burden and raising the efficacy of projects and the ROC’s international standing. Examples of this leverage include cooperative financing with international organizations, calling on countries with successful development experiences as cooperative third parties, and working with non-governmental organizations. This work is quite

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**A Professional Management Organization for International Cooperation and Development**

- Elements of Taiwan’s Successful Development Experience
  - Macroeconomic Planning and Management
  - Small and Medium Enterprise Development
  - International Trade Promotion
  - Human Resources Development
  - Agricultural Upgrade and Transformation
  - Development of Information and Communications Technologies
  - High-Potential Areas
    - Biotechnology Development
    - Others

- Needs and Circumstances of Developing Countries
- International Organizations
- Foreign Governments
- International Private Sector

**A Systematic Chart of International Cooperation and Development Operations**
complicated, but if specialization requirements can be met, the chances for success can be increased.

Given the difficulties in establishing specialized management in international cooperation and development, the enormous changes in the international arena, and the complexities of the diplomatic field, it is incumbent upon the ICDF to establish new policies, in order to strengthen its roles. At this point I offer four possible new strategic directions for discussion.

**Establishing Consensus Takes Priority**

The ICDF has frequently stressed the principles of projects and “projectization.” I support this approach, but it is important to realize that previous planning methods, in which everything was tightly controlled, cannot accommodate today’s complex realities. Events frequently do not unfold according to plan. With this in mind, working groups need to have patience and devote more thought to achieving a consensus of goals that will better enable the many project participants to efficiently interact. A typical ICDF project includes project designers, officials from related bodies in the ROC Ministry of Foreign Affairs, outside experts, ICDF Technical Missions, overseas embassies, countries cooperating with the ICDF, organizations charged with executing the project, co-financing organizations and others. In the face of this complexity, the goal of consensus must be maintained, even if adjustments to a project are required. This is a more realistic method than the sometimes inflexible steps of “rational planning.”

**Goal Management Induces Procedural Management**

In light of this first strategic direction, we can see that procedural management is an important means of achieving goals, but it isn’t the only means. We must accept the flexible principle that while goals can’t change, procedures can. In today’s age, with its intricate complexities, alterations should be expected and should be viewed as a necessary part of the process. Changes should not be judged mistakes.

In this strategic direction, goal management must exhibit initiative. A good example is the construction of the Taipei Mass Rapid Transit system, a project with which I am familiar. When the Chungho line of the system was being constructed, contractors were quite anxious about a policy decision that the line should be running one-and-a-half years ahead of schedule. In spite of their concern, after consultation and coordination, a consensus was reached. All concerned agreed to discard the traditional method of construction, in which each participating body would be responsible for only its part of the work. Rather, they decided to carry out so-called concurrent engineering, whether electrical, communications, or track work. With these efforts, the Chungho line opened on schedule, to the delight of the city government. Engineering quality of the line was excellent, city residents benefited, and contractors received their fees in advance. All sides were winners.

**The Interface of Multilateral Interaction**

The topic of interfacing must be closely monitored within goal management and integration in complex systems. Since international cooperation and development operations involve widely different cultures, communication and coordination, current information transfer, and fluid interaction among operations, are especially important. Failure to handle these situations appropriately can cause serious conflicts.

When I was studying for my doctorate in sociology at France’s Ecole des Hautes Etudes en Sciences Sociales de Paris, I took a course entitled “Comparative Research on Development.” There was one research report presented by an African student that was unforgettable. The report described an occurrence when an international agricultural organization sent
experts to study famine in an African nation. The experts discovered that the staple food in this area was corn, and that the residents raised a type of corn that had a tall stalk and bushy leaves, but which had a limited yield of ears. The experts suggested the introduction of a new type of corn that would yield a harvest many times that of the original type. Development banks and agricultural organizations provided donations, loans and technical support, intending to assist residents in switching to the new strain of corn, but, unexpectedly, the farmers refused to accept the new project. Aid organizations, however, were adamant, stating that should the original plan be terminated, all assistance would be cancelled. The firm stance of international organizations caused the government of this nation to become nervous. In order to obtain the aid, the government sent the military to burn the original corn crops, forcing the farmers to switch. Farmers protested and a serious conflict erupted. The original aid plan, which had the best of intentions, turned into a small but bloody civil war.

After the conflict settled for a period, international organizations again sent experts to investigate the situation. Only then did they understand that the people in this deprived area relied on the original corn crop not only for food. The tall stalks were also their most important building material, and the leaves of the plant were a primary source of fuel. Should all corn crops have been switched to the recommended strain the food problem would have been solved, but a housing and fuel problem would have emerged.

This story illustrates the importance of effective interfacing. Everyone must be sympathetic to the communication required among different cultures, and look at situations from the standpoint of others.

Encourage Synergy in an Innovative Organization

Amid the complex systems of international cooperation and development, information is a fundamental element of productivity. Work cannot be carried out without the input of all essential information. Once work begins, administrators must determine what changes or amendments need to be made to initial information to achieve desired results. What is important to realize is that this new type of information exchange and management is entirely different from the traditional method of relaying information en masse. This new method can be fragmented, changed when needed and may present dilemmas. This new technique is founded upon networking logic. The chief difference between networking logic and procedural logic is networking logic’s superior flexibility.

In organizational morphology, networking logic’s interface management requires a soft, flexible structure. American sociologist Kevin Kelly described such a structure when he made a brilliant forecast in his 1995 book, Out of Control: The New Biology of Machines, Social Systems and the Economic World:

The atom is past tense. The scientific symbol of the next century’s dynamic will be the Internet. The atom represents pure simplicity, while the Internet represents the vast force of complexity. The Internet is the only thing that enables one to grow without bias and whose organization can be studied without formal instruction. Other forms have the possibility of facing restrictions. The Internet is the most unstructured of organizations, but it can be said that it has a clear structure. Actually, all sorts of different things can be combined in the Internet. Chains, pyramids, branch systems, circles, jagged items can all be integrated and be compatible on the Internet.
In light of these views, managers must establish networking logic systems in which organizational procedures and operations are based on innovative, fluid information techniques. However, in order to achieve goals even more efficiently, they must pay attention to the difficulty of organization in networking logic. We may use the organizational buzzword “synergy” to refer to the concept of networking logic, but to actually realize operational synergy, the ICDF, the ROC Ministry of Foreign Affairs, ICDF Technical Missions based abroad, overseas embassies, project partners and cooperative international organizations must all work together to establish an effective information and communications network.

Direction of a Unique, Professional Organization

I have brought up many topics that I hope will spark debate among my colleagues. In this new age, we must reflect and then take concrete steps to create a professional and specialized path to the future. The ICDF is not the World Bank, or the U.S. Agency for International Development (USAID). Given the ICDF’s smaller size and resources, and Taiwan’s international situation, it is unrealistic for the organization to imitate large-scale international aid groups such as these. Rather than try to emulate the scale and complexity of these organizations, the ICDF can take advantage of its small, tight structure, and find its own distinctive road to follow.

In the story “Hometown,” Chinese author Lu Hsun (1881-1936) provides some valuable food for thought as we move forward:

There is nothing concrete about the existence of hope. It’s kind of like a road. Actually there was no road before a number of people walked the path to create it.

Let ICDF personnel, working together, create the organization’s unique road.