

AID STRATEGIES

The *raison d'être* of the ICDF is to implement the overseas aid policies of the Republic of China. In addition to executing the new programs launched following its establishment in July 1996, the ICDF continues to manage the loans and technical assistance projects authorized by the former IECDF as well as the overseas technical missions and related aid operations previously entrusted to the CITC. The ROC's overseas aid operations are therefore integrated under a professional entity.

General Strategies

Aid projects for fiscal 1998 have focused mainly on alleviating poverty in various developing nations. In assisting these nations, the ICDF has been motivated by the desire to help them achieve the greatest possible benefits. With an eye to the varying developmental needs, the ICDF has concentrated on ensuring optimal cost effectiveness through a thoughtfully planned combination of technical guidance and lending and investment projects. It has also worked to attract private investment. This year's general aid strategies can be summarized under the following categories.

Promoting grassroots projects

In 1998, as it concentrated on reaching the people most in need, the ICDF extended microcredit to farmers and others in rural areas through nongovernmental organizations (NGOs). The loans were directed to small-scale production activities through which rural capital could be accumulated.

Uniting financial resources and skills for optimal results

Decades of experience have trained the ROC's missions to understand thoroughly the economic and cultural conditions of the countries in which they are working. This has been invaluable in identifying new grassroots aid projects that blend in harmoniously with the resources, expertise and work of the missions that are already in place.

Creating wealth through privatization

In some areas, the results of the agricultural and fishery projects currently being undertaken by ROC technical missions are sufficiently encouraging as to attract investment by private enterprises. This year, the ICDF began to identify the most financially viable projects, with a view to privatizing them and using the funds to initiate new ventures in other areas.

Expanding the scope of assistance

In the past, agricultural technical assistance focused mainly on ways of improving production. However, the challenges facing the developing nations go beyond basic food production. The majority of developing nations also lack facilities for storing their fruit and vegetable harvests and effective distribution networks to market their produce. This year, the ICDF has directed its energies to training the local people in these more advanced techniques.

Where appropriate, the ICDF also began to train people in developing low-skilled, labor intensive manufacturing in industries that are of particular relevance or interest to them.

Tailoring regional aid projects to local requirements

Highly conscious of the varying levels of socioeconomic development that exist from one region to another, the ICDF is concentrating on more precisely fitting its aid programs to the current needs of Central America, the East Caribbean region, Africa and other areas. In areas whose national development and characteristics are similar—for example, Central America and the East Caribbean—the ICDF has formulated pan-regional aid projects. This is particularly appropriate when the area has an existing regional cooperation organization, such as the Central American Common Market and the Organization of Eastern Caribbean States.

Strengthening cost control and increasing effectiveness

Concentration on making ICDF aid operations more efficient, and consolidation of projects in areas where development characteristics are similar, have helped to lower costs in a number of areas. The result is more programs, with more effective results, for a lower outlay.

Expanding cooperation with international agencies

The ICDF continued its regular meetings and coordination with the Inter-American Development Bank this year. In addition, it has also entered into an agreement with the European Bank of Reconstruction and Development to provide financing to private investment projects in Eastern Europe.

Regional Aid Strategies

In Africa, the emphasis has been on increasing food and vegetable production and establishing low-skilled industries. In Central America, the focus has been on developing small and medium enterprises (SMEs) and attracting private investment. In the East Caribbean, the ICDF has concentrated mainly on helping to diversify agriculture and providing social services and, in some of the Caribbean partner countries, where the level of development warrants it, the ICDF has also focused its attention on SME development. In Asia, again depending upon the level of industrial development of the partner country, the ICDF experts have focused mainly on agricultural cooperation and industrial training. In Eastern Europe, where privatization of state enterprises is under way, the ICDF has chosen to help finance the development of SMEs in association with the European Bank of Reconstruction and Development.

Africa

Given that the economies of most of the African nations are still based on agriculture, the ICDF has concentrated its efforts in Africa on increasing production in order to achieve self-sufficiency in staple goods, fruits and vegetables. Where conditions are propitious, it is also providing funding and technical training for new low-skilled, labor intensive manufacturing projects. The hope is that, in time, the ROC's African allies will be able to establish new industrial development projects that open up significant opportunities for employment.

Increasing agricultural production through technical cooperation

In many of the ROC's partner countries in Africa, 60 to 80 percent of the labor force is employed in farming activities, and agricultural production contributes more than 20 to 30 percent of the GNP and a high proportion of foreign currency income. Understandably, therefore, the ICDF's African aid projects have focused mainly on the agricultural sector, with special emphasis on increasing rice yield and promoting fruit and vegetable production. Fifty percent of the agricultural technical experts sent to Africa this year are specialists in rice farming, and funding for rice production projects accounts for 70 percent of all African aid funding.

A second priority of the ATMs in Africa has been to improve the nutritional intake of farmers, for example through technical training in oyster farming and aquaculture, while at the same time helping them to develop additional sources of income. Farmers with excess production can earn extra income by selling the surplus in neighboring areas.

Developing low-skilled industry

The wealth of Africa—abundant labor, cheap and plentiful land, and bountiful agricultural, fishing, forestry and mining resources—is not being fully utilized. To help nations on the African continent to use their ample resources more effectively, the ICDF and the Ministry of Foreign Affairs are shifting aid efforts from assistance in improving agricultural production to guidance in, for example, developing low-skilled industries.

The work currently being conducted in Burkina Faso is an example. The ICDF missions are working with local authorities to improve the functioning of Burkina Faso's vocational training centers, where workers can learn the skills needed, for example, for manufacturing clothing. Concurrently, the ICDF and MOFA are helping Burkina Faso to establish clothing factories where the trainees from the vocational centers can find work after graduating from the courses.

Central America

This year, the ICDF has concentrated its efforts in Central America on developing small and medium enterprises, as well as on planning regional cooperation projects and assisting in agricultural development.

Helping to develop small and medium enterprises

The most important strategy for Central American nations aspiring to develop their economies lies in developing small and medium enterprises (SMEs). The services provided by the ROC technical advisers and specialists on SME development include helping to formulate policy, offering guidance to governments in the implementation of such policies, and encouraging and guiding local management in the development of appropriate SMEs.

Creating wealth by introducing private investment

The ICDF plans to privatize financially attractive farming and ranching operations in which its missions have been involved for a number of years. One such initiative is the Cofradia Pig Project in Nicaragua. Privatization, either by sale or long-term lease, will be conducted in a way that best suits the local environment, and the income derived from the sale or long-term lease will be used to launch new operations.

East Caribbean

The most significant challenge facing the East Caribbean, several countries of which are heavily dependent upon the banana industry, is to find ways to achieve extensive agricultural diversification. The area's main market for banana exports, supported by preferential tariffs, is the European Union, but, under the impetus of the World Trade Organization, the preferential tariffs are expected to end in the year 2002.

With bananas accounting for about 80 percent of agricultural exports in the affected countries, diversification to new crops is urgently required. Most of the banana production comes from small plots owned by thousands of farmers employing crude growing techniques; the quality of the fruit is poor; and there is little likelihood that modernization of the farms or more aggressive competition would alter the situation.

St. Christopher and Nevis faces a similar challenge with respect to sugarcane exports. The situation has been exacerbated by a pronounced fall in world sugar prices, which has seriously affected the country's economic development.

Diversifying agriculture

With diversification of crops as an objective, the ICDF has been introducing fruits and vegetables that are especially well suited to the East Caribbean region, and introducing new agricultural production techniques to the local farmers. The initial goal of the projects is to meet domestic market requirements and to provide technical assistance in expanding production facilities and establishing effective marketing systems for the produce.

Expanding social services

Funding equipment to improve medical facilities and sending volunteers to teach needed skills to the local workers, for example in the repair of electrical equipment, are other ways in which the ICDF is assisting partner countries in the region.

Other Areas

With the varying developmental needs of countries in mind, the ICDF has formulated region-specific assistance programs. For instance, the ICDF is providing assistance to Haiti in increasing agricultural production, and training local authorities in planning and developing industrial zones. In Belize and the Dominican Republic, the ICDF is providing assistance in developing small and medium enterprises.

The ROC has close trade links with the Southeast Asian nations, and there the ICDF's technical assistance is emphasizing development of industrial zones, which are attracting considerable private investment from Taiwan entrepreneurs. Two such projects are the Subic Bay Industrial Park in the Philippines and the Taiwan Hanoi Industrial Park in Vietnam.

In the Pacific Island nations, for example, Nauru and Tonga, the ICDF is providing assistance in chicken breeding as well as in vegetable and fruit production.

In Eastern Europe, the ICDF has been active in helping to fund privatization programs. The ICDF has signed an agreement with the EBRD to provide funds for privatization projects.

