

International Cooperation Strategies and Operational Priorities

International Cooperation Strategies

Democratization and globalization have been defining features of the international community in recent years. Governments have responded to globalization by pursuing cooperation with international organizations in order to address problems they cannot solve alone. Renowned political pundit and commentator Fareed Zakaria mentioned in a now famous *Foreign Affairs* article that 118 of the world's 193 countries are democratic, a vast increase from even a decade ago. Social stability and economic prosperity have been features of Taiwan's move toward democracy and set a model for democratic development.

Meanwhile, the rapid movement of capital, goods and services, and human resources is eroding boundaries between countries. Globalization means that private centers of power, e.g., multinational corporations and NGOs, have taken on a global size and acquired an increasing freedom of action. On 1 January 2002, Taiwan formally entered the World Trade Organization as the world's 14th largest economic entity and as the body's 144th member. Taiwan is responding positively to the global challenges that are rapidly changing lifestyles throughout the world. Forward looking industrial policies have put Taiwan at the forefront of the world's information industry and have set the foundation for a knowledge based economy.

Taiwan's political future in the world community rests largely on increasing its global visibility. The ICDF is playing an important role in promoting international cooperation by providing capital, technology, human resources training and humanitarian assistance in an effort to spread infor-

mation about Taiwan to other countries and peoples. To promote Taiwan's diplomatic objectives, international cooperation work is being carried out in coordination with international organizations and NGOs. In addition, the ICDF works to showcase the government's strategy of "People's Diplomacy." The ICDF is recognized as a highly professional, systematic, transparent and accountable institution, which enables the Taiwan people to understand better, and support, international assistance projects to friendly countries.

The ICDF is fully aware that these considerations, along with a rapidly changing global environment and Taiwan's unique international status, make international cooperation work an important mechanism in sustaining the country's diplomatic agenda. Diplomatic considerations underlie the ICDF's core concepts regarding international development. In sharing the "Taiwan Experience" with friendly countries, the ICDF assists them in economic development and poverty alleviation.

The ICDF has designed the following strategies in undertaking international cooperation:

I. Promoting Taiwan's Diplomatic Policies

An affluent country has a moral responsibility to engage in international development capacity building. Given its difficult diplomatic status, Taiwan's international assistance is an important tool in its foreign affairs work. Despite limited resources, the ICDF has used its specialized expertise to model itself on international development organizations. It works to combine governmental and private resources and to undertake a wide variety of interna-

tional cooperation projects. With an eye toward helping Taiwan raise its diplomatic status, the ICDF works to promote democratic and human rights, shared economic prosperity and peace and security.

II. Sharing our Experiences with Friendly Nations

Taiwan's economic growth experience is internationally recognized as a successful development model for countries aiming to transform themselves into emerging industrial economies. Therefore, the ICDF focuses on sharing the "Taiwan Experience" with them. Its international cooperation work primarily centers on economic policy planning and management, SME development, foreign trade expansion, international human resources training, agricultural development (including upgrading, industry transformation and operation of agribusiness ventures), and information and telecommunications development.

III. Consensus Building on Operational Management Strategies

International cooperation operations are increasingly complicated and that the execution of projects often requires joint collaboration. In order to increase the chances of project success, the ICDF works with various agencies to establish a consensus on issues. It also maintains a high degree of flexibility and looks at practical needs in setting its goals. The ICDF focuses especially on strengthening interface management when working with other organizations. This strategy includes maintaining avenues of communication with government agencies, the private sector, corporations, the academic community and NGOs. Interfacing is important in all international cooperation projects, such as technical assistance, investment and lending, education and training, emergency humanitarian assistance and long term reconstruction plans. The ICDF also maintains a

spirit of innovation in its international cooperation activities, and it establishes comprehensive information and communication networks between itself and other cooperating bodies. All these measures are aimed at integrating resources to achieve synergy.

IV. Strengthening Cooperation with Domestic and Foreign NGOs

Strengthening interaction with private organizations and international NGOs is an important part of the ICDF's work. NGOs, such as the International Red Cross, World Vision and thousands of other international development organizations, are made up of experts from a wide variety of countries, and this makes them influential both domestically and globally. Given the increasingly vibrant role of NGOs, the ICDF is seeking cooperative opportunities in technical cooperation, investment and lending, and education and training. It also wants to strengthen interaction with NGOs to achieve its agenda of promoting diplomacy, humanitarianism and human rights.

V. Uniting Private Resources in Implementing International Cooperation

Private organizations in Taiwan are increasingly interested in taking part in international affairs. Given Taiwan's economic development over the past half century, the private sector has accumulated impressive resources and unparalleled foreign trade experience. The ICDF desires to take advantage of the private sector's vitality and capital resources to strengthen Taiwan's international assistance, so it is placing more focus on cooperation with private companies, social groups and NGOs. It seeks to combine private resources to expand the scale and depth of assistance projects.

Operational Priorities

The ICDF's international operations are carried out in a spirit of innovation which works to spread the "Taiwan Experience" throughout the world. This experience includes economic policy planning and management, SME development, foreign trade expansion, education and training, agricultural development, and information and telecommunications technology development. Developing countries are especially in need of capital and technology to further economic growth. Only after gradually alleviating poverty can countries head toward sustainable development. Therefore, the ICDF places a great deal of emphasis on providing loans, investment, credit guarantees, technical assistance, international human resources training and humanitarian assistance.

In 2002, the ICDF implemented a number of innovative initiatives, including combining its resources with those of the private sector and expanding cooperation with international institutions, domestic and foreign NGOs, government agencies, and academic bodies. The ICDF's work abroad included promoting agricultural upgrading, trade promotion, poverty alleviation strategies, microcredit initiatives, international human resources training programs, humanitarian assistance, and working to engage the public in "People's Diplomacy." The following is a description of the ICDF's international cooperation activities:

I. Agricultural Upgrading, Transformation and Agribusiness Development

Agricultural assistance to friendly and developing countries is one of the most direct ways to ensure that these nations are able to produce enough food to achieve self sufficiency. International agricultural technical cooperation has been among the most important work the ICDF and its predecessors have

carried out over the years. It utilizes the decades of experience that Taiwan has acquired in agricultural technology, upgrading, transformation and corporate development to assist other countries in their development needs.

In 2000, President Chen Shui-bian visited Dominican Republic, Nicaragua, Costa Rica, The Gambia, Burkina Faso and Chad. During his travels abroad, these countries expressed their thanks and appreciation for the agricultural assistance provided by the ROC. This gratitude shows that agricultural assistance meets the needs of these countries, and also testifies to the success of the cooperation. The ICDF intends to continue to provide agricultural assistance, implement technical transfers, and help allies develop the agricultural sectors in which the specialists of Taiwan have unique advantages. Assistance will include upgrading agricultural technology, promotion of core agricultural products, food processing, agricultural product distribution and assistance in developing agricultural companies. In addition to the assistance that its overseas technical missions provide, the ICDF integrates various resources and sends Taiwan experts in agricultural product processing and distribution abroad to assist friendly countries.

Representative projects during 2002 included the "Food Processing Project" carried out by the technical mission to Belize, "The Agricultural Product Processing Project" in Grenada and "The SME Advisory Project" in Senegal. The Belize plan focused on vacuum frying and dehydration processing for mangos, papayas, peanuts and other produce. The mission provided technical consulting and assistance and helped establish a food processing center and satellite system. This program was implemented under a broader plan to provide technical assistance to SMEs in seven Central American nations. ICDF research indicated that conditions in Belize were appropriate to develop a food processing industry. After initial assistance, the plan was transferred to the technical mission for follow up implementation.

In Grenada's case, because the ICDF believes that nation has vast tourism potential, it decided to integrate agricultural technical assistance with tourism development. The fruit and herbs grown in Grenada could be dried and turned into highly nutritious products without the use of preservatives or colorings. In addition, various traditional agricultural products could be repackaged into snack foods and sold to tourists. The program created a win-win situation for both the agricultural and tourism sectors.

The ICDF is also implementing a food processing technology assistance plan in Senegal, which utilizes widely available local foods, such as mangos and rice. These are processed in low cost, easy to operate food processing procedures. In addition, new processed foods are developed to meet the tastes of the local market.

In terms of business development, the ICDF established an agriculture and livestock distribution center in Paraguay and provided assistance in improving packaging and distribution. It also helped create an Agrosopping market that facilitates the sale of produce from the producer to supermarkets. In addition, the ICDF is helping the country develop agricultural export markets and create agricultural business models.

In the future, the ICDF plans to institute agribusiness in Africa and Central and South America. It will assist people retiring from the technical missions to create such companies, in an effort to further draw private resources into agricultural assistance for friendly countries.

In addition to the agricultural assistance provided by technical missions and experts sent abroad, the ICDF stages specialized seminars and courses on Taiwan in agricultural and fisheries related industries. These include courses on agricultural policy and farming techniques, as well as international seminars on fisheries industry management in tropical and subtropical regions. These courses offer specialized training for officials and specialists from friendly countries. The ICDF's

"Small Farmholders Financing Scheme" provides revolving capital and financing to purchase machinery. The agency also utilizes microcredit to encourage farmers in various countries to participate in these programs and to hasten agricultural upgrading and transformation. In 2002, the ICDF finalized the evaluating of a program to provide cotton farmers in Paraguay with loans and is looking into providing assistance to Nicaraguan farmers to carry out second stage revitalization of the country's agricultural sector.

II. SME Development and Trade Promotion

The most impressive part of the "Taiwan Experience" is that in the process of agricultural development, the island was able to transform itself successfully into an industrial economy. Agricultural development sustained industrialization, which in turn supported the agricultural industry. In the process of industrialization, countries generally move from light industries to heavier ones. Industrial development in its early stage usually focuses on a country being able to produce basic necessities to replace imports. This strategy reduces foreign exchange outflows and ultimately builds the basis for an export industry. As an island economy, Taiwan focused on exports and export growth and the proceeds provided the capital that made it possible for Taiwan's economy ultimately to soar. SMEs played an irreplaceable role in Taiwan's economic development, because they created employment opportunities, reduced poverty and served as an engine for the creation of wealth. In addition, the stable growth of SMEs created a large middle class, which helped to maintain political and social stability.

The achievements of SMEs and the overall economic development in the post war period helped vault Taiwan into the status of emerging industrialized country. Given this history, the ICDF is well qualified to use the "Taiwan Experience" to assist

friendly countries in their economic development by providing the technology, capital and education to assist in the development of SMEs. The ICDF sends investment and trade service mission, industrial service mission, economic and trade personnel, SME experts and trade promotion specialists abroad to provide consultation services, industrial diagnostic services, industrial policy services and industrial assistance. It also provides financing for small companies and stages various seminars related to trade and SMEs.

In 2002, the ICDF continued to employ trade service mission and trade experts to assist friendly countries in determining appropriate investment projects and key industries, and to undertake trade promotion. In Central America, the ICDF witnessed tangible results from the assistance that it gave to seven countries in the region. Projects included metals processing in Panama, mold processing in Costa Rica, food processing and shoe manufacturing in Nicaragua, wood processing in Guatemala and El Salvador, and food processing in Honduras and Belize. The ICDF has helped these countries to utilize their intrinsic advantages, while also providing assistance to achieve technical upgrading and export promotion. In Paraguay, the ICDF assisted in a project to establish central and satellite industries, which focused on both horizontal and vertical divisions of labor for the textile and metals machinery processing industries. In Senegal, it assisted that nation to draft policies to spark the development of SMEs and it provided consultation and assistance in fostering a food processing industry.

III. Poverty Alleviation and Microcredit

The World Bank and the Asian Development Bank were pioneers in developing poverty alleviation strategies, and they have adopted goals to reduce poverty throughout the globe in half by the year 2015. Work by international agencies and NGOs to reach the goal of reducing poverty can be grouped

into three areas – coupling sustained economic development with the reduction of poverty, establishing comprehensive social development and safety nets to complement economic growth, and strengthening poverty reduction policies and management and supervision of organizations and projects. The most important work at this point rests in fostering economic growth as a poverty alleviation strategy. Economic growth creates job opportunities and wealth, raising the incomes of most people and both directly and indirectly improving the lifestyles of the poor. Economic growth also boosts tax revenues, providing governments with funds to stage basic infrastructure projects, raise social welfare and care for the disadvantaged.

In light of international assistance trends and Taiwan's new diplomatic policies, the ICDF has set policies to use its resources and expertise for humanitarian programs and poverty alleviation. This includes the funding of micro loans, with the objective of building a system for communities to create jobs and rise out of poverty. Targets for this funding include medium, small and micro sized companies. These micro loans are disbursed through local financial institutions or through cooperation with NGOs.

In 2002, the ICDF staged microcredit programs in the Caribbean, Europe and Africa. Specifically, it signed such agreements with St. Vincent and the Grenadines, St. Christopher and Nevis, Grenada, and Dominica. The cooperative partner in the program is the National Development Foundation, which disburses the micro loans to small enterprises in those four countries. The ICDF is operating a second stage microcredit program with an international organization in Haiti to help participating banks expand their loan operations to even more companies. The ICDF and the EBRD have created the Taipei – EBRD Financial Intermediary Investment Special Fund (FIISF), which provides micro loans to help small and medium enterprises in Georgia. In addition, the ICDF is assisting The Gambia in strengthening

private sector and agricultural development through a similar program. Reputable financial institutions provide the disadvantaged, especially farmers, women and young people, with micro loans and deposit services to reduce poverty at the grassroots level.

IV. International Human Resources Development

Taiwan's economic development over the past several decades illustrates the hard work needed to achieve success amid a lack of natural resources. The key to achieving this success has been the large pool of highly skilled labor that the island possesses. Human resources play a critical role in any country's emergence as an economic power. The development of human resources and the joint use of labor and capital helped Taiwan emerge rapidly from post war poverty to a developing country and then into an emerging industrialized nation. The rapid development enabled Taiwan to be characterized as one of the four "Asian Tiger" economies.

A recent survey by the University of Pennsylvania on labor investment by 3,000 American corporations showed that when a company invests 10 percent of its revenue in capital investment, it is possible to raise productivity by almost four percent. However, if those funds are invested in human resources, productivity will rise by about 8.5 percent. This indicates the importance of human resources development not only in increasing productivity, but also in ensuring sustained development. In the same light, a country must invest heavily in human resources development should it seek to raise its competitiveness. Therefore, an important area of the ICDF's overseas technical assistance is helping friendly countries develop human resources. In 2002, the ICDF continued to hold seminars and workshops based on Taiwan's own developmental experience. It also adjusts education and training curricula to meet the changing needs of the times, offers courses with a

wider variety of topics, and holds a certain number of training courses each year. Courses now delve into issues related to the developmental needs of friendly countries and topics of global concern. In 2002, new courses were offered in technology industry policy and management, community construction and tourism development, experience in offering micro loans, and an international seminar on management of fisheries resources in tropical and subtropical regions.

The ICDF also provided scholarships in 2002 to meet project objectives and expand training for executives. The former focuses on (1) Scholarships for children in four Eastern Caribbean nations and Mongolia (2) The nurturing of human resources. In terms of international high level professional training, the ICDF and the National Pingtung University of Science and Technology and National Chengchi University continued to cooperate in masters and doctoral programs for foreigners.

In 2002, the ICDF also expanded its university strategic alliance policy, entering into partnerships with National Taiwan University, National Taiwan Ocean University, National Tsinghua University, and National Yang Ming University. Various courses and international seminars were held at the schools based on each institution's specialties. The ICDF helped coordinate technology management workshop at National Tsinghua University, which pooled the resources of the ICDF and the school in the training of labor resources in Taiwan's high profile high-tech industry. In the future, the ICDF and National Taiwan Ocean University, National Tsinghua University and National Yang Ming University will organize masters degree programs in ocean resource management, high-tech management, and public health and medicine.

The ICDF also works with local governments in implementing the policy of promoting diplomacy among the public at large. The ICDF and the Tainan County government jointly held a community construction and tourism development seminar. This

was the first time the ICDF cooperated with a local government on Taiwan to conduct an international cooperation venture. Civilian resources and local participation were key components of the project, as was participation by the public.

V. International Humanitarian Assistance

In his inaugural address, President Chen Shui-bian stressed the need for Taiwan to boost the country's status by providing humanitarian assistance and participating in international affairs, thus contributing significantly to the global community. Given these considerations, Taiwan's foreign affairs policies have a high degree of humanitarian content. The ROC is presently drafting an International Cooperation and Development Law that will incorporate concern for humanity in Taiwan's foreign assistance mission statement. Concern for humanity is an ethic that supersedes territorial boundaries. Active assistance in this regard further cements Taiwan's role in the community of nations. In recent years, a number of local social welfare organizations and humanitarian assistance institutions have made a significant contribution to the international community. These organizations include the Tzu Chi Foundation, World Vision Taiwan, and the Taiwan Root Medical Peace Corps.

Organizations that originally acted on their own are now working with others at least part of the time, while short term goals are now becoming long term. Temporary organizational structures have been systematized, and relief support is becoming developmental assistance. According to the seventh article in Chapter One of the ICDF's organizational statutes, the ICDF is to provide humanitarian assistance for international refugees or for countries that are ravaged by natural disasters. As such, the ICDF provides emergency assistance after natural disasters and assistance to carry out longer term reconstruction. The organization also provides basic medical

services and formulates poverty alleviation strategies.

In 2002, the ICDF strengthened efforts to combine its resources with those of the private sector in staging international humanitarian assistance. It cooperated with a number of domestic and international NGOs. For example, it worked with the Taiwan Root Medical Peace Corps in providing free medical treatment for Tibetan refugees and their children. The ICDF provided the medical instruments needed to carry out the project, while the Peace Corps provided medical personnel. The project, which was the first between the ICDF and a local NGO, was a big success. The ICDF also provided reconstruction assistance to the Czech Republic after ravaging floods; donated vaccines and medical equipment to Senegal, The Gambia and the Tibetan Refugee Center in India; and supplied farming machinery to farmers in Paraguay.

VI. Finding Business Opportunities Abroad

Taiwan formally became the 144th member of the World Trade Organization on 1 January 2002. As the world's 14th largest economic entity, entry into the WTO means that Taiwan can conduct trade in virtually a borderless environment. WTO entry offers Taiwan expanded international markets, and at the same time opens the Taiwan market to other WTO members. How to use its advantages to create fresh business and market opportunities is one challenge that faces Taiwan in the aftermath of its WTO entry.

Regional economic integration and economic globalization are irreversible trends. Free trade zones are carving up the world into various economic entities, such as NAFTA, the EU, ASEAN and MERCOSUR. In 2005, an American free trade zone will be established. This development will redraw the trade map. How to assist Taiwanese companies in dealing with regional economic challenges, utilizing competitive advantages and in securing markets is an area of importance for the ICDF.

The ICDF is already assisting Taiwan companies that are facing major challenges in the aftermath of WTO entry to find business opportunities. It is also applying its experiences in working with the ADB and the EBRD. In January 2002, the ICDF introduced an "Overseas Business Opportunities Database Information System" on its website. It assembles information on government procurement projects and bidding procedures from the ADB, the EBRD and the World Bank, translates it into Chinese and inserts it on its website. This system provides local companies with real time information on overseas business opportunities. Some companies have already taken advantage of this system and secured business opportunities or are registered as recommended consulting companies by the ADB.

In January, the ICDF worked with Taiwan's Central Bank of China and the Board of Foreign Trade (an agency under the Ministry of Economic Affairs) in holding a conference explaining business opportunities through the ADB in 2002. Senior ADB procurement specialists and consultants were invited to Taiwan to deliver lectures explaining bidding procedures and regulations governing ADB procurement of materials, construction contracts and consulting services for its approved projects. Over 120 representatives of Taiwan companies attended the event, making it the best attended such seminar by an ADB member during the year.

In order to realize the government's economic strategy of "Richly Cultivating Taiwan While Reaching Out to the World," the ICDF in 2002 unveiled credit guarantees for Taiwan companies investing in diplomatic allies. This initiative increased financing avenues for Taiwan firms seeking to invest in allies, assisted in investment activities, and helped in seeking out business opportunities in industries that have competitive advantages. The ICDF signed a cooperative agreement to stage the program with the Bank of Taiwan, Hua Nan Commercial Bank, First Commercial Bank, Chinatrust Commercial Bank, and Taipei

International Commercial Bank. It also signed a regional credit guarantee cooperation agreement with the Central American Bank for Economic Integration through which 30 commercial banks provide Taiwan investors with financing, while the ICDF and the CABEI offer credit guarantees. The ICDF also approved credit guarantees for a company investing in Swaziland. In addition, the ICDF provides loans and technical assistance plans and publicizes business opportunities abroad to assist Taiwan companies in finding new business and procuring contracts.

VII. Promoting People's Diplomacy

In today's world, international development work is not necessarily carried out solely by foreign affairs ministries, but rather by the public at large. This "People's Diplomacy" strategy enables the private sector and the public to understand Taiwan's foreign affairs objectives. Consequently, international development work wins the support of the public, combines the resources of the public and private sectors, and meets the needs of the time. Diplomacy involving the public also enables the government and private sectors to share opinions and stage joint participation, which increases understanding, support and contributions. Ultimately, it strengthens the substantive force of international development and assistance.

Diplomatic work no longer rests solely with official or government to government channels. As a result, the power of cooperation among private organizations cannot be ignored. Taiwan's policy of promoting diplomacy among the public unites the power of the official, corporate and private sectors. While the government sets the direction of policies, corporations and the private sector inject vitality and resources, helping Taiwan to stage international diplomatic breakthroughs and creating more room for the nation in the international area. Policies to engage the populace at large in diplomatic work include the Taiwan Youth Overseas Service, the Taiwan Overseas

Volunteers, educational courses, the establishment of a commission to assist NGOs, and the planning of a foreign affairs college. The government and the ICDF hope to see active participation by Taiwan's citizens in these activities.

The ICDF is deeply aware that international cooperation is an important link in foreign affairs work. Presently, the ICDF's projects in this regard include the training and management of overseas volunteers and the Taiwan Youth Overseas Service. The ICDF's Taiwan Overseas Volunteer program, which is modeled on the US Peace Corps and Japan's JICA and JOCV programs, looks for aspiring youth to do service in developing countries. By their work, the volunteers express concern for others and contribute to interaction among people, while assisting countries in their economic development and social progress.

Volunteers are presently serving in allied or friendly nations. They provide specialized assistance to local governments and individuals and become good friends with locals as they immerse themselves in the society. They also help to make Taiwan better known. In 1997, the ICDF sent its first group of volunteers abroad – to Swaziland. To the present day, 89 individuals have participated, doing service in 16 friendly countries in Central and South America, the Caribbean, Africa and Asia Pacific. In 2002, the ICDF sent 17 volunteers to Panama, Costa Rica, Honduras, Nicaragua, St. Christopher and Nevis, and Tuvalu to provide education in computers, instruction in the Chinese language and medical services.

The Taiwan Youth Overseas Service program is designed to allow young men of military age with specialized training to engage in international service work. In addition to expanding the international perspective of young men, the program helps to solve the problem of limited labor in technical missions and brings fresh blood into Taiwan's technical and medical cooperation projects. Since 2001, the ICDF assists the Ministry of Foreign Affairs in selecting, training and managing the young men in the program.

In the first year it sent a group of 37 young men abroad to serve in technical and medical missions, and in 2002, it sent an additional 35 men overseas. Currently, the 71 men (one withdrew due to an unfavorable health condition) taking part in the program are stationed in 24 countries around the world, assisting in agriculture and fisheries promotion and upgrading, economic and trade development, corporate assistance, medical services, information services and education. Eight men have been awarded special honors from the Ministry of Foreign Affairs for their outstanding service.

