

Overview



⇒ Official Development Assistance & International Cooperation and Development Strategies

Official Development Assistance (ODA)

What is ODA?

International official development assistance (ODA) can be traced back to 1947. In order to thwart the potential spread of Communism, US Secretary of State George C. Marshall proposed a US\$12 billion aid package to assist Europe in its reconstruction efforts. This funding became known as the famous Marshall Plan. After more than a half century of ODA, the focus of assistance has changed with the times to encompass political, economic, and social developments. Later, in the 1980s, assistance programs were often carried out with Cold War diplomatic and strategic goals in mind. However, with the disintegration of the Soviet Union in the early 1990s and the subsequent shift from a bi-polar to a multi-polar world, donor nations and international aid agencies have broken through traditional assistance frameworks and have re-examined development concepts. In addition to pure economic assistance, comprehensive cooperation and development work needs to be carried out in the host nation for assistance work to be truly considered a success.

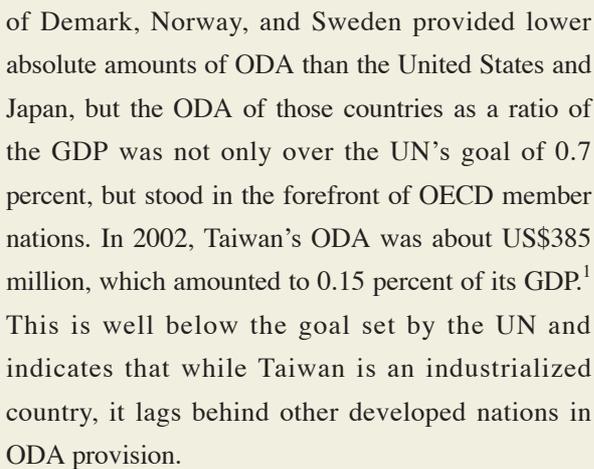
In recent times, ODA is no longer purely assistance per se. Instead, its focus has become more multifaceted, incorporating the concepts of international cooperation and development. Military or geopolitical strategies are no longer the primary considerations in the foreign assistance policies of

donor nations. Instead, the focus now is on long-term development strategies, including political democratization, economic liberalization, and poverty reduction. Contemporary assistance theories focus on self-governance in recipient countries and aim to provide a framework for the development of civil society mechanisms. As a result, ODA has comprehensive objectives that combine political, economic, social, ecological, and environmental protection themes.

Trends in ODA

Member nations of the Organisation for Economic Cooperation and Development (OECD) signed the Millennium Declaration in 2000. Meanwhile, developed nations pledged to increase ODA to underdeveloped nations by US\$16 billion from 2002 to 2006. In addition to foreign aid initiatives such as export tariff cancellations and debt relief, ODA is one important instrument that donor nations utilize to help repay the international community for their own affluence.

According to data compiled in relation to the Millennium Declaration, the US provided the most ODA among OECD member countries in 2002 at US\$13.29 billion, followed by Japan at US\$9.28 billion. While the US and Japan may have been the number one and two providers of ODA, the funding comprised only 0.13 percent and 0.23 percent of their GDPs, respectively, which was well below the ideal level of 0.7 percent set by the UN. On the other hand, the Scandinavian nations



of Denmark, Norway, and Sweden provided lower absolute amounts of ODA than the United States and Japan, but the ODA of those countries as a ratio of the GDP was not only over the UN's goal of 0.7 percent, but stood in the forefront of OECD member nations. In 2002, Taiwan's ODA was about US\$385 million, which amounted to 0.15 percent of its GDP.¹ This is well below the goal set by the UN and indicates that while Taiwan is an industrialized country, it lags behind other developed nations in ODA provision.

No matter whether it involves Eastern or Western nations, political considerations play a role in terms of ODA. For example, the US's ODA is based on strategic, security, and political considerations. In the wake of the 9-11 terrorist attacks and the US-Iraq War, American ODA has focused on anti-terrorism and post-war reconstruction efforts. In the cases of France and Spain, the majority of their ODA is funneled to their former colonies (such as West Africa for France and Latin America for Spain). Japan's ODA policies are made with geopolitics, economic resources, and emigration patterns in mind. For example, it has provided large amounts of aid to Asian nations with abundant natural resources and South American countries with large ethnic Japanese populations.

Taiwan's History in Providing ODA

The history of ODA in Taiwan can be traced back to 1959 when it sent an agricultural team to South Vietnam. Taiwan's foreign assistance development can be divided into three distinct stages. In the first stage, Taiwan assisted partner nations to develop agriculture and improve basic lifestyle conditions for their citizens. In 1960, Taiwan established an Operation Vanguard task force, and an

agricultural mission was sent to Liberia in 1961. The following year, the ROC-Africa Technical Cooperation Commission was established, which set the foundation for Taiwan's agricultural assistance. A decade later, amid the gradual expansion of these agricultural technical mission programs, the Committee of International Technical Cooperation (CITC) was created. The CITC provided cooperating countries with production technology. The establishment of the CITC created a formal avenue for aid to friendly and allied countries and marked an expansion of technical assistance provision in the areas of farming, forestry, fisheries, and livestock, helping partner countries become self-sufficient in a variety of areas. In an effort to share the successes of the "Taiwan experience" with developing nations, to assist in economic development, and to boost trade ties, the International Economic Cooperation Development Fund (IECDF) was established in 1989 under the supervision of Taiwan's Ministry of Economic Affairs. The creation of the IECDF marked the point at which Taiwan no longer provided purely technical assistance, but rather expanded its efforts into the areas of investment, lending, and human resource training.

The second stage of Taiwan ODA started in 1996 with the creation of a dedicated entity, the International Cooperation and Development Fund (TaiwanICDF). The TaiwanICDF was the result of the consolidation of the CITC and the IECDF, creating a single window for development cooperation and marking the establishment of a true international development organization that provides capital, technology, education and training, and humanitarian assistance. The TaiwanICDF is a juridical organization that carries out ODA in a professional, systematic, transparent, and

accountable manner. Since its establishment, it has worked in tandem with Taiwan's diplomatic strategies to reduce poverty and create wealth among cooperating nations. The Fund's operations continue to draw upon Taiwan's plentiful experience and strengths in numerous fields. Considering the organization's limited resources and the needs of cooperating countries, the TaiwanICDF puts a high priority on efficiency and effectiveness in its development programs. The Fund actively cooperates with international organizations and domestic and overseas NGOs, creating partnerships with host countries that are mutually beneficial.

Taiwan's ODA has now entered the third stage, which is marked by cooperation with the non-government sector to promote "people's diplomacy." President Chen Shui-bian proposed this grassroots concept of diplomacy when he took office in 2000. Under this effort, the Overseas Volunteers and Youth Overseas Service programs provide opportunities for young people to take part in volunteer assistance work abroad in developing countries. George F. Kennan, a noted US diplomat and historian, predicted that foreign affairs work in the future would be accomplished without the service of diplomats. This is the fundamental meaning of people's diplomacy. The implementation of this policy has set a new milestone for Taiwan in both its diplomatic and its foreign assistance work.

International Cooperation and Development Strategies

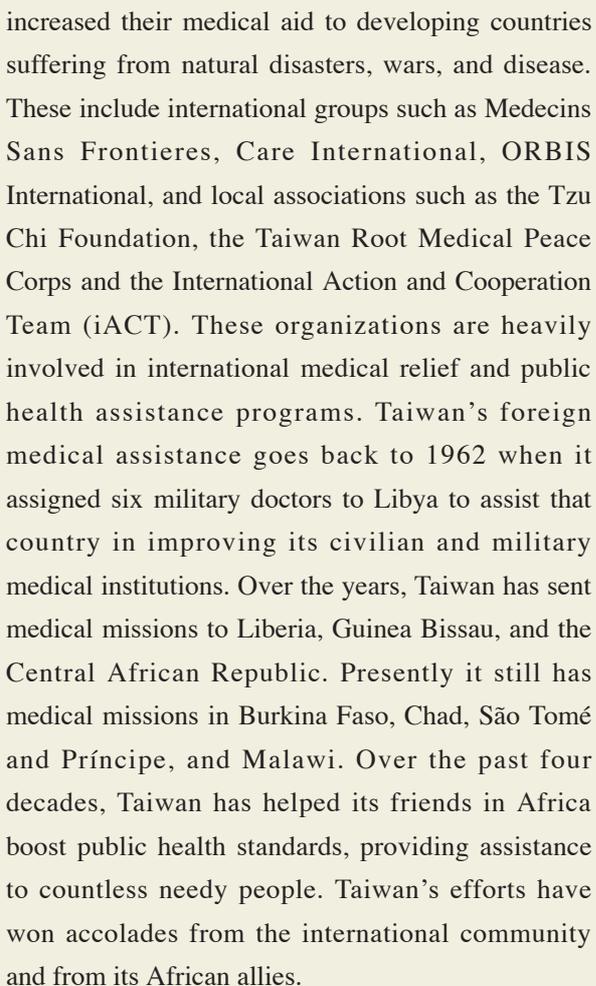
In an effort to work in conjunction with diplomatic strategies, the TaiwanICDF utilizes a three-year rolling core program method while implementing its various international development programs. Based on its own resources and the needs

of host countries, the Fund provides partner nations with development experience based on Taiwan's own economic and social advancement. The aim is to spark economic development in these nations and help generate wealth. The TaiwanICDF has created the following medium-term international cooperation strategies:

Strengthening Public Health Assistance

Swedish pathologist Folke Henschen once said that the history of civilization is the history of disease. In looking back on the development of the human race, it is not difficult to see that disease has impacted society tremendously, and not just from simply a physical or biological standpoint. It has shaped society, politics, economics, and technology, and even determined whether a group of people survives and develops. For example, the Black Death from 1346 to 1352 killed nearly one-quarter of all Europeans. In the 1880s, tuberculosis became contagious among indigenous peoples in Canada. Data from that period show that nine percent of deaths each year could be attributed to tuberculosis. Meanwhile, influenza, which is one of the most dangerous contagious diseases, claimed 21 million lives in the period at the end of World War I. People have sought to learn the causes of disease and have worked to prevent such outbreaks to minimize the devastation on society. Since political, economic, and social conditions of developing countries lag those of developed nations, a lack of medical resources has caused underdeveloped nations to be entrenched in the vicious cycle of disease and poverty. As a result, medical assistance to these nations is one of the most direct means to amend this situation.

In recent years, international development and humanitarian assistance organizations have largely



increased their medical aid to developing countries suffering from natural disasters, wars, and disease. These include international groups such as Medecins Sans Frontieres, Care International, ORBIS International, and local associations such as the Tzu Chi Foundation, the Taiwan Root Medical Peace Corps and the International Action and Cooperation Team (iACT). These organizations are heavily involved in international medical relief and public health assistance programs. Taiwan's foreign medical assistance goes back to 1962 when it assigned six military doctors to Libya to assist that country in improving its civilian and military medical institutions. Over the years, Taiwan has sent medical missions to Liberia, Guinea Bissau, and the Central African Republic. Presently it still has medical missions in Burkina Faso, Chad, São Tomé and Príncipe, and Malawi. Over the past four decades, Taiwan has helped its friends in Africa boost public health standards, providing assistance to countless needy people. Taiwan's efforts have won accolades from the international community and from its African allies.

The TaiwanICDF will continue to export Taiwan's experience in medical care and public health. It will pool resources with international agencies and Taiwan NGOs in undertaking international medical assistance. It will also work in conjunction with Taiwan's efforts to enter the WHO by significantly boosting its medical support, providing both short-term emergency medical relief and long-term medical care. This effort will make a noteworthy contribution to global society and enable the world to see that Taiwan will provide humanitarian and medical aid wherever there is a need. It will show that the Taiwan people are not only full of compassion, but also willing to lend a helping hand when the need arises. It

will also make the people understand that the world health network is not complete without the participation of Taiwan.

Using Information Technology to Reduce the Digital Divide

In late 2003, the UN held the World Summit on the Information Society in Geneva to discuss core topics on how to reduce the international "digital divide." World Links, an organization with close ties to the World Bank, has also made this effort one of its focal points of work. The international community clearly is placing more emphasis on IT development and digital opportunities. Moreover, in recent years the availability of digital opportunities has become an important indicator in the assessment of human rights.

Over the years, Taiwan has accumulated levels of hardware and software manufacturing technology that are matched by few other countries. Of the world's major manufacturers of information hardware, Taiwan accounts for 75 percent of the world's output of motherboards (a new motherboard is produced every 0.36 seconds). In addition, the county accounts for over 60 percent of the world's output in notebook computers, LCDs, computer cases, and scanners. Taiwan also boasts a comprehensive upstream-to-downstream supply chain and has an abundant number of highly trained information personnel. A strong level of interaction among the industrial, academic, government, and research sectors was critical in the development phase of the industry. The government provided incentives to the information technology industry, which played an important role in helping the sector develop. Based on its own developmental experiences, Taiwan has a vital role to play in

helping to reduce the digital divide and in creating digital opportunities.

The TaiwanICDF has made providing information technology assistance a focal point of its work. In the days ahead, the Fund will continue to utilize the strengths of Taiwan's IT sector and work together with international organizations and the private sector to assist APEC member countries in developing IT schools based in part on the government's APEC Digital Opportunity Center policy. It will use examples of Taiwan's own information development to meet the need of developing nations, including e-Government, e-Business and e-Education. The TaiwanICDF hopes to share the achievements and experiences of Taiwan's information industry with the global community. The divide between those with access to the new electronic communication channels and those without is in violation of the most fundamental digital human right. To reduce this divide, the Fund hopes to raise the levels of economic and social development, further elevating digital human rights in its assistance to developing nations. This strategy will ensure reaching the objective of ICT for Development.

Combining Resources with Enhanced Partnerships

As Taiwan moved into the 21st century, its society has become more and more democratic. A feature of an "open society" is that diplomatic work is open to people from all strata of society, which is the motivation behind "people's diplomacy." The goal of this diplomatic agenda is to mobilize the public to participate in international affairs as well as to combine the resources of the government and non-government sector in undertaking foreign assistance

work. Undoubtedly, the energy that results from the combination of efforts far exceeds that of traditional government-driven diplomatic work.

More and more attention is also being paid to the power of the so-called "third sector." With the vibrant development of local and foreign NGOs or non-profit institutions, increased cooperation and interaction is being achieved due to stronger communication systems. Combining the efforts of these institutions is becoming commonplace throughout the world. It is estimated that there are about 23,000 NGOs worldwide, and over 1,000 of these maintain a consultative relationship with the UN. These data indicate that international NGOs play a critical role in global issues. Foreign affairs work is no longer considered to be limited solely to the MOFA. The general public is also expected to play an active role. In particular, the private sector and the general public should understand the hard work and goals being pursued in Taiwan's diplomatic agenda. Better understanding of these efforts results in a higher degree of public support. By combining the strengths of various sectors, society as a whole is able to participate in diplomatic work more vigorously.

The TaiwanICDF will continue to work to combine the power of the public, private, and third sectors in carrying out its international development strategies. The Youth Overseas Service program will be expanded and more people recruited to participate in the Overseas Volunteers program. The TaiwanICDF will also cooperate with local governments and NGOs to carry out foreign assistance work and provide the population with an avenue to participate in such activities, further realizing the goal of people's diplomacy.



Shaping Taiwan's Image Overseas

Years ago, Taiwan was a recipient of assistance from the US. After decades of development, Taiwan has become an emerging industrialized nation and one of Asia's four dragons. It is one of the most successful examples of how foreign aid can help achieve economic growth. The "Taiwan experience" of development is recognized throughout the world and has become a model for developing nations in their effort to achieve growth and prosperity. To lend a helping hand, Taiwan began to send agricultural technical teams overseas to provide support to countries in need at a time when it was still receiving American aid. In the 1970s as the Taiwan experience began to mature, the nation became more active in employing its advantages to provide developing nations with economic and agricultural assistance. Taiwan has unique developmental experience in macroeconomic policy formulation, SME development, the transformation and upgrading of the agricultural sector, vocational education, and human resource development, which can be provided to developing nations. In recent years especially, Taiwan's experience in IT development has been so successful that information and technology development has become one of the nation's strengths in international cooperation. In addition, considering the government's efforts to seek membership in the WHO, Taiwan is working to share its medical technology and public health expertise with developing nations. Focusing on these strengths is gradually creating a unique international development model.

The TaiwanICDF is an organization that is dedicated to providing foreign assistance and acts on behalf of Taiwan's government in its international development work. When the organization was first

established, it focused on sharing the Taiwan experience. It now works more in coordination with international development trends to relieve poverty, help women and children, provide medical services, achieve environmental protection and sustainable ecosystems, foster a civil society, and reduce the international digital divide. The Fund continues to provide a wide array of investment and lending, technical cooperation, international human resource development, and humanitarian assistance programs, focusing on the island's core specialties and strengths in international cooperation. Through the implementation of such projects, the TaiwanICDF works with emerging countries to create wealth and development.

The mission of the Fund has been, and will remain, one of compassion and selfless dedication to social progress and economic growth. In the future, the TaiwanICDF will expand its international cooperation efforts to demonstrate Taiwan's active contributions to the international community.

¹Taiwan. Executive Yuan. Directorate General of Budget, Accounting and Statistics. Monthly Bulletin of Statistics. August 17, 2004.