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[New Approaches in Development Cooperation](#)

A Dynamic Player in East Asia

How Taiwan Takes Responsibility in the
Shadow of the International Community

David Merkle

Although diplomatically recognised by scarcely more than a dozen countries, Taiwan still pursues an active, values-based foreign and development policy. Taipei deliberately counters Beijing's hard power with its "warm power". Whether it is health, the economy or disaster management, creativity and innovation are the common threads that run through Taiwan's approach to development cooperation.

Taiwan on the International Stage – Between Isolation and Healthy Pragmatism

Confronted by intensifying political, diplomatic, and military pressure from its neighbouring giant, the People's Republic of China (PRC), Taiwan has little visibility as an international development actor in its own right. Under the One-China policy, any country maintaining diplomatic relations with the PRC cannot have official relations with the government in Taipei. Beijing understands the One-China principle to mean that Taiwan is an integral part of China, which in turn is represented solely by the People's Republic.¹ Beijing is doing its utmost to ensure the international community is following this interpretation. In turn, those states that maintain official relations with Taipei recognise Taiwan as the legitimate representative of China under the One-China policy, even if this interpretation is gradually evolving towards recognising Taiwan as a separate political entity, detached from the shackles of a Chinese unitary state.

Today, 15 countries maintain full diplomatic relations with the Republic of China – Taiwan's official name. These encompass certain Caribbean islands, several countries in Central America and a few Pacific Island nations.² Despite having so few diplomatic partners, Taiwan, with a population of 23.5 million, is committed to international engagement. It shares its ideas and innovations with the world and – particularly during the first year of the COVID-19 pandemic – has emerged as a country that managed the pandemic with huge success through

technology and an effective containment policy based on trust.³ The fact that 170 countries and territories worldwide allow Taiwanese citizens visa-free or simplified entry also bears testimony to the fact that relations with Taiwan can be shaped beyond de jure recognition.

Since coming to power in 2016, President Tsai Ing-wen of the Democratic Progressive Party (DPP) changed the direction of Taiwan's foreign policy by launching the New Southbound Policy (*xīn nán xiàng zhèngcè*), with a view to reducing the country's economic dependence on mainland China (the PRC, including Hong Kong, currently constitutes around 40 per cent of Taiwan's foreign trade). The aim is also to improve relations with countries in South Asia, Southeast Asia, and Australasia. Another key component of this policy is to present Taiwan as a reliable partner in the Asia-Pacific region. This includes development cooperation with a plethora of small Pacific Island states, promoting a free and rules-based order in the Indo-Pacific and not least providing medical and technical support to many partners throughout the region.

In this way, Taiwan is breaking new ground that far exceeds the traditional understanding of development cooperation. For example, Taiwan is taking practical steps to strengthen the health sector in the countries of the region. It is also providing technology to improve disaster preparedness in partner countries (including island states that are regularly exposed to typhoons and earthquakes) and is specifically focusing on helping partner countries develop sustainable policies on energy and resources. These are all

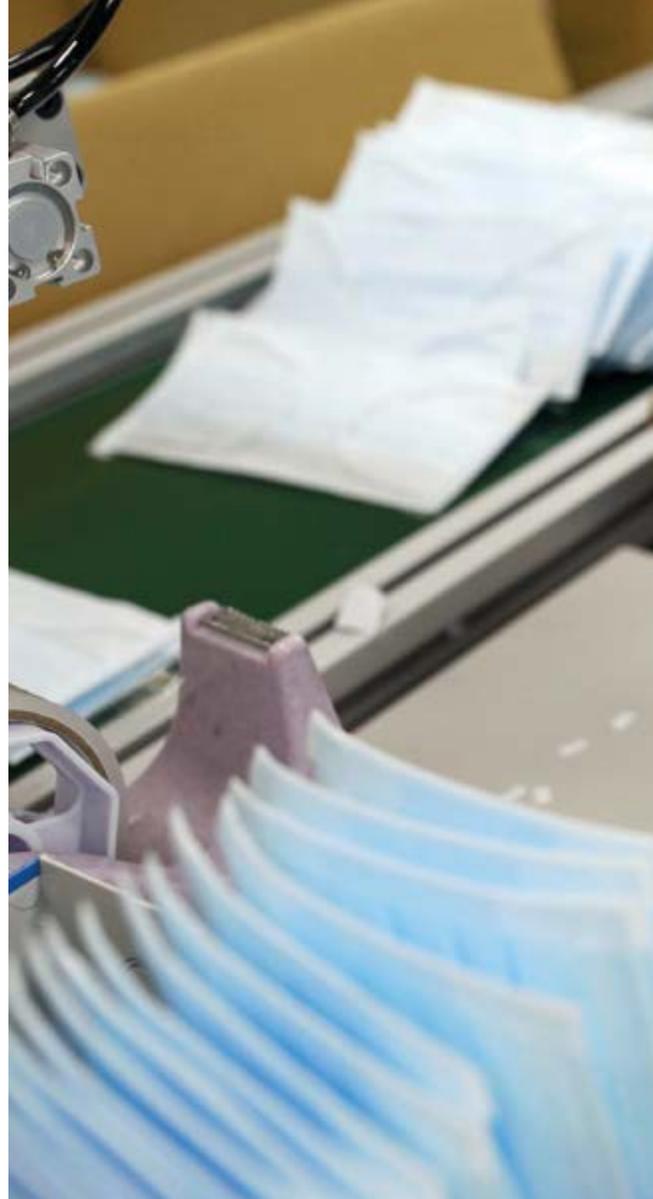
issues that lie at the heart of the UN's Sustainable Development Goals (SDGs). Although it is not a member of the United Nations, Taiwan is keen to make an active contribution in this respect.

During the pandemic, the world was made aware of what an important partner Taiwan is.

The purpose of this article is to take a closer look at Taiwan's role in development cooperation and to introduce its mechanisms, actors, and focal points. Not least, the article sheds light on those elements in Taiwan's approach that provide important lessons for our discussions in Germany and Europe, particularly in view of many countries' growing dependency on China.

Taiwan's Foreign Policy – Restrained Pragmatism Combined with “Warmth”

Already in spring 2020, when the first wave of the COVID-19 pandemic had Europe firmly in its grip, Taiwan was preparing to send shipments of masks around the world. Within a matter of weeks, Taiwan ramped up its mask production and was soon able to meet domestic demand. After ensuring that its own people were well supplied with masks, Taiwan turned its gaze outwards with the message: “Taiwan can help”⁴. The country has long used this slogan to highlight how it believes its future to be firmly embedded in the international community. But now it supplemented this message with words that stressed Taiwan's visible commitment to other countries in their time of need: “Taiwan can help, and Taiwan is helping”⁵. President Tsai Ing-wen was re-elected in the presidential and parliamentary elections of January 2020, and her Democratic Progressive Party defended its majority in parliament. Upon the outbreak of COVID-19, she gained public trust with her clear strategy for managing the pandemic. Even more, the world was made aware of what an important partner Taiwan is.



History of Taiwan's Development Cooperation

Taiwan in the Post-War Period

It was after Japan's surrender in World War II that Taiwan was formally assigned to the Republic of China (*zhōnghuá mínguó*) and became its headquarters and sole remaining bastion when Chiang Kai-shek and his troops fled mainland China for the island in 1949. It received official development assistance for the first time at the end of the



Essential support in the beginning of the pandemic: Within a matter of weeks, Taiwan ramped up its mask production and sent shipments of masks around the world. [Source: © Ann Wang, Reuters.](#)

Korean War in 1953 and enjoyed ongoing support from the US. The Kuomintang ruled Taiwan under martial law and received US loans to build and develop the country's economy. In return, the government promised to build up reserves that it would later make available to other countries.⁶ Structures established on the island during the Japanese colonial period had left behind an efficient timber and agricultural sector – the launchpad for Taiwan's subsequent rise to become a “tiger state” and for the desire of well-educated young people to gain a foothold in the burgeoning

business sectors. The first project to improve agricultural productivity was initiated in Vietnam back in 1959, followed by the first agricultural missions to Africa in 1960. Until 1971, Taiwan, the Republic of China, was a member of the United Nations. A vote in the General Assembly, however, led to the passing of Resolution 2758, which recognised the People's Republic of China (established 1949) as China's only legitimate representative in the United Nations. This led to Taiwan losing both its seat at the UN and many of its diplomatic allies to Beijing.

Economic Engagement as an Initiator of Development Assistance

When the PRC initiated its reform and opening-up policy in the late 1970s, most foreign direct investment in mainland China derived from overseas Chinese communities (*huárén*) in China's immediate neighbourhood, particularly Taiwan, Singapore, Hong Kong, and Malaysia. The economic boom that it unleashed attracted countless Taiwanese businessmen (*táishāng*) to the PRC. During its peak in the 2000s, up to one million Taiwanese are estimated to have been living permanently in mainland China. Initially, this was mainly because production was relocated from Taiwan to mainland China, but later they became drivers of innovation in the Yangtze Delta metropolitan regions around Shanghai and the provinces of Zhejiang and Jiangsu. They also kick-started industrialisation in Guangdong in the Pearl River Delta, thus significantly contributing to the myth of China as the “workshop of the world”. Along with their economic engagement, many Taiwanese who had returned to work in their homeland or that of their ancestors also ramped up their charitable commitment. They poured their own money into educational initiatives and promoted cultural exchange across the Taiwan Strait.

Development Policy as the Coherent Face of Liberal Taiwan

In 1989, at a time of gradual political and economic liberalisation (martial law was not suspended until 1987), Taiwan's Ministry of Economic Affairs set up a development fund whose primary aim was to provide loans and technical assistance to countries with which it had diplomatic ties.⁷ In 1996 – by which time Taiwan had already transformed itself into a full democracy, holding its first free presidential elections that year – there was also a growing awareness of the need for a more effective external communication. The establishment of an aid organisation specialising in development assistance, the Taiwan International Cooperation and Development Fund (ICDF), was intended to improve the coordination of all overseas development

projects while at the same time helping to raise Taiwan's international profile and expand its external influence.

The involvement of civil society organisations has become a strategic focus of Taiwan's development engagement.

In the 1990s, non-governmental organisations in Taiwan began to take a more international approach to their work. The impetus for this came from the Taiwanese government's official development cooperation, which initially provided the orientation for NGO projects.⁸ Since the 2000s, the involvement of civil society organisations has become a strategic focus of Taiwan's development engagement. For example, in 2000, Taiwan's Ministry of Foreign Affairs set up the NGO Affairs Committee to promote the international activities of Taiwan's NGOs.⁹ This improved coordination between NGOs at home and helped establish a framework that removed obstacles to Taiwanese NGOs networking with their international counterparts. This also enabled NGOs to gradually develop their own international engagement agenda, which is seen as complementary to government initiatives. In turn, this strengthens Taiwan's international profile, especially at the grassroots level, thus contributing towards “mutual dialogue, cooperation, and coalitions”¹⁰.

In 2009, Taiwan's Ministry of Foreign Affairs published its first white paper on foreign aid, which primarily emphasised Taiwan's contribution to achieving the eight Millennium Development Goals and targeted a more coherent, measurable approach to development cooperation.¹¹ Over the years, an increasing number of programmes have been set up to provide established formats for dialogue and practical assistance based on technical cooperation. Since 2016, Taiwan's development cooperation has been systematically embedded in its strategic orientation towards the countries of South Asia,

Southeast Asia, and Australasia. The framework of the New Southbound Policy has given rise to a holistic approach, which also includes funding outside of traditional development cooperation.

Development Cooperation in the Context of the New Southbound Policy

Despite its lack of diplomatic relations with the ASEAN countries and other neighbouring states, Taiwan has gradually strengthened ties with these countries over the years. This has included increased investment by Taiwanese businesses, which grew by 16 per cent in 2019 compared to the previous year.¹² After the PRC, the countries of the ASEAN Economic Community (AEC) are cumulatively Taiwan’s second largest trading partner. What is more, Taiwan’s rise from an agricultural economy to one of the Asia-Pacific region’s key innovation hubs serves as a role model for other countries seeking to transform their economies. This particularly applies to those that are themselves growing and keen to make the leap to become innovative economies with high levels of employment and an equitable distribution of wealth.¹³ This is why Taiwan has prioritised knowledge-sharing and training programmes (particularly for young people) in its cooperation with the countries of South and Southeast Asia.

The private sector and academic institutions also have a key role to play here. The government in Taipei has specifically placed promotion and exchange in the field of innovation at the heart of the New Southbound Policy. In this respect, solutions based on the Internet of Things – such as for health care, toll systems, or smart school campuses – can be key drivers for creating efficient, networked services.¹⁴ Beyond purely bilateral cooperation mechanisms, the focus has been set on identifying synergies, primarily through the involvement of Taiwanese businesses and civil society organisations, which also lend themselves to joint strategic initiatives with third country actors. Taiwan is aware of the limits of purely state engagement due to the One-China policy, and deliberately encourages expert dialogue in certain policy areas. The focus is on joint projects that seek solutions to existing problems in the countries involved and are designed to expand Taiwan’s foreign policy scope, for example, through technical cooperation.¹⁵

Priorities and Actors in Taiwan’s Development Cooperation

It is no coincidence that Taiwanese politicians deliberately refer to its “warm power”,¹⁶ which characterises the country and its relations with the rest of the world. More specifically, it is

Table 1: Distribution of Taiwanese ODA in 2018

Area	Per cent of total ODA	Amount in millions of US dollars
Social infrastructure and services	49.19	148.39
Economic infrastructure	16.42	49.54
Support for specific economic sectors (agriculture, fisheries, etc.)	12.73	38.39
Other, including humanitarian assistance and disaster recovery	19.50	58.81
Sustainable development	2.16	6.52
Total	100	301.65

Source: MOFA 2018, n. 17.

based on a shared understanding with democracies worldwide and intergovernmental relationships characterised by trust. It consciously creates the space for non-state actors to work alongside state actors in development cooperation. In this way, Taiwan seeks to pursue its foreign policy goals based on shared values and maximising its cultural soft power.

Since 2010, Taiwan has documented the annual priorities of government institutions involved in international development cooperation in an Official Development Assistance (ODA) overview. It is conducted based on criteria defined by

the OECD DAC. Table 1 illustrates the distribution of Taiwanese ODA allocation in 2018.¹⁷

The focus here is on the development and support of social infrastructure and services. It is particularly aligned with the UN Sustainable Development Goals 1 (ending poverty), 6 (water and sanitation), 7 (access to reliable and sustainable energy) and 9 (sustainable and inclusive industrialisation and promoting innovation).¹⁸ For the year 2018, total expenditure amounted to 302 million US dollars, representing 0.051 per cent of gross national income (GNI). The figures were slightly lower compared to the previous year



Clearly positioned: The Taiwanese government deliberately supports calls for democracy and participation and promotes a regional order based on equality and freedom. Source: © Ann Wang, Reuters.

(0.056 per cent) and, at first glance, fall far short of the UN's target of 0.7 per cent of the GNI of donor countries. However, in addition to bilateral projects and grants, Taiwan is also involved in regional and multilateral initiatives, including as one of 68 members of the Asian Development Bank (where it is referred to as "Taipei, China" due to its lack of recognition as a state actor), and it most recently contributed around 1.1 per cent of the organisation's total budget.¹⁹

Example: Healthcare

Taiwan's healthcare system is deemed to be one of the most modern and effective in the entire Indo-Pacific region. Accordingly, Taiwan's New Southbound Policy makes health one of its five key areas.²⁰ The risk of epidemics in the region (even long before COVID-19) means that best practices for delivering high-quality healthcare remain particularly important for many countries. Taiwanese hospitals are making their own contribution to development assistance through the Taiwan Health Centers and Mobile Medical Mission projects. For example, the renowned Taiwan University Hospital has been training Vietnamese healthcare professionals since 2005, while the Mackay Memorial Hospital has been sending doctors and hospital administrators to underserved communities in Southeast Asia for many years.²¹

Example: Sustainability and Disaster Management

Specialised agencies in Taiwan also have an important role to play in development cooperation with partner countries. For example, the Enhancing Agricultural Adaptive Capacity to Climate Variability project aims to improve Caribbean nations' capacity to respond and adapt to climate change by providing digital solutions that generate meteorological data for use in key areas of agricultural production. These have been developed based on the experience of the Council of Agriculture (COA) and the Central Weather Bureau (CWB) in Taiwan.²²

CWB staff also support island states that are acutely threatened by climate change, whether through the installation of observation

instruments and information systems for seismic early warning systems or the scientific evaluation of generated data.

It is precisely the social dimension of its development assistance that distinguishes Taiwan's approach from that of China.

Civil Society Initiatives

The role of non-state actors such as foundations and classic NGOs in the field of environmental protection and social care in Taiwan's development assistance, which has expanded over the years, reflects the skill with which the country has filled niches left for small and internationally marginalised countries to raise their international profile in different ways.²³ Taiwan's strategy was long one of diplomatic competition with China, also known as "chequebook diplomacy". It focused on countries with whom it had diplomatic ties, such as in Latin America, but this has now given way to an approach that primarily addresses the core issues of international development cooperation. In particular, anthroposophical foundations like the Taiwan Asia Exchange Foundation are essential bridges to academics and non-governmental actors abroad, while religious organisations such as the Tzu Chi Foundation are on hand to provide humanitarian aid in many of the world's trouble spots. It is precisely this social dimension of its development assistance that distinguishes Taiwan's approach from that of China and dovetails with the current priorities of international cooperation.²⁴ Today, more than 40,000 NGOs are registered in Taiwan, more than 2,000 of which are affiliated with international NGOs.²⁵

Frameworks for Generating Expertise and Skills

Taiwan joined forces with the US to set up the Global Cooperation and Training Framework

(GCTF) in 2015, which aims to address common global challenges with a particular focus on public sector experts and representatives across the Indo-Pacific.²⁶ Events and training sessions are held in areas such as public health, law enforcement, cybersecurity, media literacy, e-commerce, humanitarian aid, and disaster relief. These are all areas where Taiwan can make a vital contribution by sharing its knowledge and expertise. 32 training courses and workshops have been held as part of this framework.²⁷ Japan is an official partner of the framework and countries such as Sweden and the Netherlands are involved in joint projects.

Can Taiwan's Approach Serve as an Example for Germany and Europe?

Taiwan's approach shows how closely a values-based foreign policy can be reconciled with a clearly formulated interest in gaining greater visibility and international leeway. Especially in recent years, closer cooperation with like-minded partners has become an important feature in international relations. This also needs to go hand in hand with a consistent and effective public image. Taiwan's engagement in the world is based on public consensus and a political culture that deliberately aims to achieve practical value for the actors in the target countries, in line with social, economic, and democratic-pluralistic ideas.

Faced with a massive increase in pressure from Beijing over recent years, including a growing military threat, social media disinformation campaigns, and attempts to win over Taiwan's business elite, the Taiwanese government has made a clear strategic shift by identifying the countries in the Asia-Pacific region as key economic partners. This also provides an alternative to the growing dependence on China. In this way, the Taiwanese government deliberately supports calls for democracy and participation and promotes a regional order based on equality and freedom. It is also not afraid to clearly state its position, as demonstrated recently in Thailand, Myanmar, and Hong Kong. Taiwan's New Southbound Policy is a values-based response

to Chinese hard power in the region. Taiwan maintains close civil society ties in the region, focuses on its own experiences in specific areas and incorporates them as strategic themes in its development cooperation.

What Germany and Europe can learn from the example of Taiwan is the belief that development cooperation should also provide partner countries with attractive programmes that provide practical solutions to existing problems. In the case of Taiwan, an island located in one of the most seismically active regions of the world, this particularly relates to its experience in disaster management, healthcare (also in rural areas) and, as a pluralistic society with ethnic minorities, valuable experiences in setting up integration programmes. To summarise, Taiwan's "warm power" derives from a consistent political culture that has become interwoven with the country's view of itself; despite all current and future issues that continue to challenge the political landscape in Taiwan. Taiwan's message to the world has perhaps never been conveyed more strongly and coherently than during the current pandemic: Offers of assistance to other countries must be coherent and benefit the recipient. And, above all, the people of these countries need to embrace this message.

- translated from German -

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