

Taiwan’s foreign aid strategy shift: From diplomacy to development and security

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Abstract

Taiwan is de facto independent but not internationally recognized under China’s suppression. For decades, Taiwan has launched bilateral aid in diplomatic partners to exchange recognitions, forming an “aid for diplomacy” policy. However, such policy has undergone a series of reforms in discourses, legal frameworks, practices and has established multiple partnerships with other donors (bilateral, trilateral, and multilateral).

Introduction

Taiwan’s “aid for diplomacy” is a typical Cold War legacy in split nations (such as the two Germanies and the two Koreas) that the donor needs to beg for statehood recognition. The recipient can blackmail for a larger bulk of aid, thereby forming asymmetric power relations. However, Taiwan’s aid has at least four expansions: from diplomatic partners to countries without diplomatic ties, from agriculture technique to humanitarian crisis and beyond, from bilateral to trilateral/multilateral, and from pure official to partnership with civil society. Notable examples include the participation of the Coalition for combating terrorists in the Middle East (Fig. 1), the launch of New Southbound Policy (NSP), and the recent Mask Diplomacy (Fig. 2). This research aims to answer how and why Taiwan’s aid policy has shifted by whom and under what circumstances in the changing domestic politics, regional geopolitics, and the global North/South interactions.



Figure 1: Taiwan’s flag shown alongside other donors at the Zaatari refugee camp in Jordan. Source: photo provided by Mr. Chih-Yang Huang (left 1), who was then political counselor of Taiwan office in Jordan (from 2010 to 2016) and serves as the Taiwan representative/ambassador to Turkey.

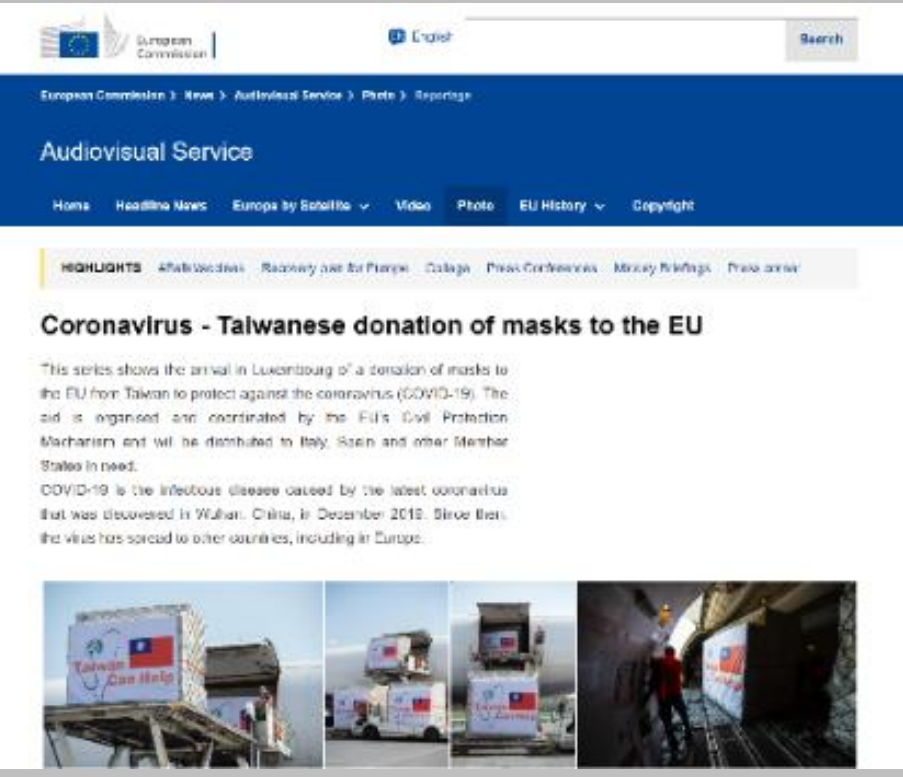


Figure 2: Taiwan’s flag appears on the EU press release of mask donation. Source: <https://audiovisual.ec.europa.eu/en/reportage/P-043425>

Socialization of the Southern donors

In 1980, West German Chancellor Willy Brandt visually depicted the “Brandt Line” that divides the world as the wealthy North (North America, Europe, Russia, Australia, and New Zealand) and the poorer South (the rest of the world). The term conceptually associates many themes with dichotomies, including the North as donors and the South as recipients. However, in the early 21st century, certain Southern countries (particularly China, India, and several others) became significant donors, increased financial resources and power, and challenged the international aid regime hitherto dominated by the North. Against this backdrop, the North develops various strategies trying to socialize the emerging South in the “tutinary mantle” as part of the aid regime to be a “responsible” and “proper” donor.

In **institutionalist** socialization, the North applies reward and punishment in international organizations to change the behaviors of member states. For example, Poland and Czechia follow the EU rule to increase aid expenditure and echo the good governance agenda; under the DAC peer-reviews, Korea reforms aid policy and architecture and engages with civil society for transparency and accountability. In **constructivist** socialization, the North affects the South through practices in the field, which creates mutual learning processes that may change the behaviors of the South. For example, in trilateral cooperation, the Northern donor (Japan) provides financial resources, the Southern pivot (Brazil) provides tropical framing technique and experience, and together implement in the third country (Mozambique). In **realistic** socialization, the emerging Southern donor eager to eliminate the hostile attitude of the North and improve the global image. For example, China during Hu-Wen was criticized as a ‘rogue’ donor. Therefore, China actively applied part of the Northern discourse and formulated small-scale cooperation with the UNDP and the US.

This research applies international relations theories, puts Taiwan in the global North/South development geography debate, and conceptualizes Taiwan’s aid reforms as international socialization of a Southern donor toward the Northern aid regime. The regime was established mainly by North American and European donors. This research argues that it is the desire for breaking international isolation that initiates Taiwan’s aid policy shifting from “aid for diplomacy” to “aid for development” and “aid for security”.

Reform toward the Northern aid regime

Without membership in most international organizations, Taiwan has not much opportunity to engage the institutionalist socialization. However, there are realistic and constructivist concepts behind Taiwan’s transforming aid agenda. President Ma is eager to ease tension with China. President Tsai is eager to shape Taiwan as one of the “like-minded” partners with the North in the global aid hierarchy to counter China’s threat.

Ma’s 1992 Consensus with China established a tacit ‘diplomatic truce’ in which both sides stopped alluring allies away from each other. The warming relations reduced policy pressures and created space for reforms. The 2009 *White Paper on Foreign Aid Policy* signaled reform to echo the Paris Declaration. The 2010 *International Cooperation and Development Act* claims to bring practices in line with international norms. Both brought the OECD aid effectiveness concepts and tools into Taiwan. The government also started to publish annual aid report and submit it to the OECD to transparency.

Tsai maintains Ma’s reform legacy, launches the NSP to align with the *US Pivot to Asia* and *Free and Open Indo-Pacific (FOIP)* Strategy, and proposes the “like-minded countries” to conceptualize security ties with the North has shared value with Taiwan. While both Ma and Tsai reform aid policy, there is a fundamental difference regarding how Taiwan connects the North, and more broadly, the world: Ma’s concept for embracing the world via China, in contrast to Tsai’s connecting the world with bypassing China.

Multiple aid partnerships

Under the reform of aid discourse, legal framework, and practices, Taiwan developed multiple partnerships with both the North and the South. The research identifies three types of aid (Fig. 3 & Table 1): (1) development cooperation in diplomatic partners (Type A1 and A2), (2) humanitarian aid with the North (Type B1 and B2), and official-NGO cooperation in the countries without diplomatic relations (Type C), particularly the NSP.

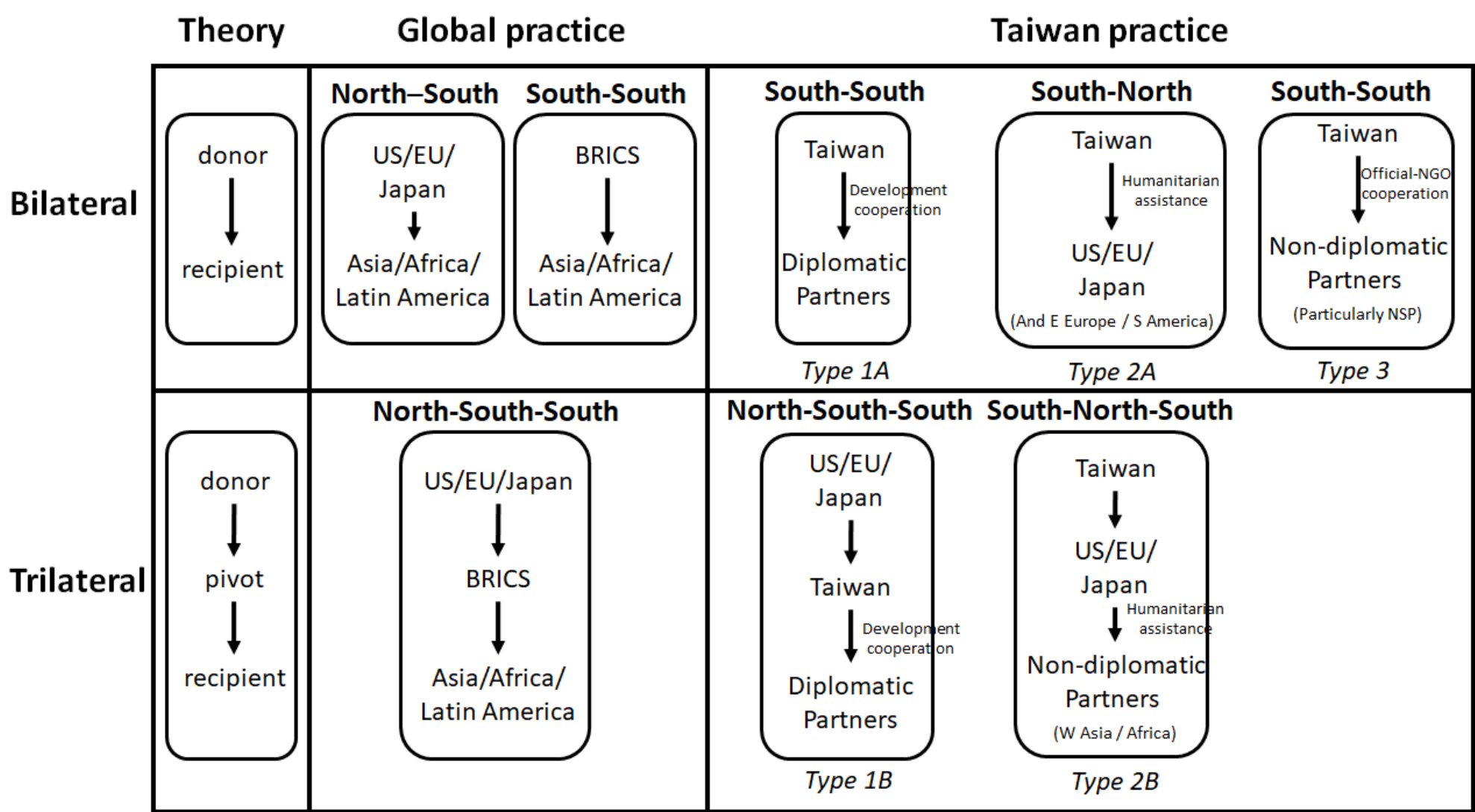


Figure 3: Taiwan’s multiple aid partnership compared to the theory and global trend. Source: made by the author

Trilateral	Type	Recipient	Donor	Pivot	# of project
N-S-S Dev. Coop.	1B	Mainly diplomatic partners (C. & S. America, Eswatini, Myanmar)	The North (NGO, gov., or int. org.)	Taiwan (ICDF)	20
S-N-S Hum. Aid	2B	Mainly no diplomatic ties (across the world)	Taiwan (MOFA, ICDF, or other Ministries)	US (DOS, DOD, NGOs)	31+1*
			Taiwan (MOFA)	Holy See	18
			Taiwan (MOFA, ICDF, or NGOs)	Other Northern donors (NGO, gov., or int. org.)	9+1*
S-N-S Dev. Coop.	Part of 3	Mainly NSP countries	Taiwan (MOFA)	Northern NGOs (partner with Taiwan NGO)	6+1*
Multilateral	Type	Recipient	Investor	Int'l Finance Institutes	# of project
	1B	Diplomatic partners (C. America and the Caribbean)	Taiwan (ICDF)	Central American Bank for Economic Integration (CABEI)	12
Multilateral Investment	2B	Mainly no diplomatic ties (C. Asia, E. Europe, and W. Asia)	Taiwan (ICDF)	European Bank for Reconstruction and Development (EBRD)	30

Table 1: Taiwan’s trilateral and multilateral aid (2006-2020) Source: author compiles from government document (MOFA, Control Yuan, ICDF) and fieldwork

The “aid for development” deepens and cultivates non-diplomatic connections with recipients, particularly the New-Southbound Policy countries, through the significant engagement of non-MOFA ministries as well as business and civil society. The “aid for security” is two-fold. On the one hand, Taiwan facilitates regional stability and prosperity through aid efforts; on the other hand, through constructing mutual trust based on multiple partnerships with the North, the North further commits Taiwan’s security to respond to China’s threat.

“Aid for development” and “aid for security”

NSP is a typical “aid for development”. Firstly, various ministries engage, such as Science Ministry and Weather Bureau on typhoon forecast, Labor and Economic Ministries on vocational training; Health Ministry on medical aid; Agriculture Council on food aid and environment. Secondly, more than 30% of official aid projects commissioned NGOs in health, education, culture, and several other sectors (Table 2).

	MOFA operates or commissions foreign pivots	Other ministries operate or commission foreign pivots	MOFA commissions Taiwan's NGOs	Other ministries commission Taiwan's NGOs	Total
Social: education	2	1 _{Edu} +1 _{Econ}	2		6
Social: health	4	7 _{Veterans Hosp.}	9	7 _{Health}	28
Social: governance	5	4 _{Tech} +Weather			9
Social: civil society			4		4
Social: culture & welfare	2		7		9
Economic	1	7 _{Labor} +5 _{Econ}			13
Production: agriculture	7	10 _{Agt.}	1		18
Production: industry & trade		9 _{Labor} +1 _{Econ}			10
Environment		8 _{Agt.}	1		9
Food assistance				6 _{Agt.}	6
Humanitarian aid	11	3 _{Tech} +1 _{Weather} +1 _{Agt.}	4		20
Total	32	58	28	14	132

Table 2: Sectors and actors of Taiwan’s aid in Southeast and South Asia during 2010-19. Source: 2011-2020 ODA Annual Reports

NSP is people-centered through the bidirectional socialization of epistemic communities and transnational actors. The policy shares responsibilities in the region and beyond, thereby coinciding with the North’s Indo-Pacific strategy. As President Tsai remarked, this is the spirit of “Taiwan can help Asia, and Asia can help Taiwan”.

The mutual help becomes “aid for security” that Taiwan’s aid helps facilitate regional security with the North, then the North helps protect Taiwan’s security. It is not an explicit exchange; however, Taiwan shows commitment, builds trust and friendship with the North, and becomes part of the peer networks. Based on trust and friendship, the North is willing to protect Taiwan while Taiwan is in danger, particularly China’s potential military invasion that threatens both Taiwan and the North.

Implications

This research makes three theoretical implications. Firstly, a new East Asian aid model characterized by the democratization of foreign aid policy, the increasing participation of non-governmental organizations in the aid industry, and growing common security interest against the expanding authoritarian China in the Indo-Pacific region. Secondly, there is growing cosmopolitanism behind the desire to break international isolation. Such experience provides lessons for other unrecognized democratic countries (e.g., Kosovo and Somaliland) to reassess the priority of seeking de jure recognition or establishing partnerships on global common issues. Lastly, Taiwan plays both roles: as the grant provider to the North and as the field operator supported by the North. Therefore, beyond the traditional North-South aid and South-South cooperation, there are diverse roles that the South can play in the global aid hierarchy.



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此論文發表期刊：

- Wu, Y.-C., & Chien, S.-S. (2022). Northernization for Breaking-through International Isolation: Taiwan’s Trilateral Aid Cooperation in the Middle East Refugee Crisis and beyond. *Development Policy Review*, 40(2)
- Chien, S.-S., & Wu, Y.-C. (2022). Trilateral Humanitarian Aid: Continuities and Changes of Taiwan’s ODA Policy before and during the First Administration of Tsai Ing-wen. In G. Schubert & C.-y. Lee (Eds.), *Navigating in Stormy Waters: Taiwan during the First Administration of Tsai Ing-wen*. London: Routledge.