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台灣在中美洲的外援  
Taiwan's Foreign Aid in Central America

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## ABSTRACT

Most studies on Taiwan aid discuss Taiwan's foreign policies. Not so much research has been done from the viewpoint of the aid recipients on the effects of Taiwan's development assistance. This research will review Hispanic scholarly articles on Taiwan aid, select one case study and conduct interviews to determine the effectiveness of Taiwan's aid from the perspective of Central America. It will also analyze Taiwan's total foreign aid and specifically Taiwan International Cooperation and Development Fund's (ICDF) general strategies in Central America from 1998 to 2015. This study challenges previous investigations by the international community on Taiwan's "dollar diplomacy" in Central America. Instead it will evaluate why Taiwan's aid is seen as favorable in Central America, in spite of the corruption scandals.

**Key Words:** Taiwan foreign aid, Central America, "dollar diplomacy", development cooperation, Taiwan ICDF

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## LIST OF ABBREVIATIONS

ADOC	APEC Digital Opportunity Center
ASOCANJELITO	Association of Producers from Canjel, Nicoya [Asociación de Productores de Canjel de Nicoya]
ASOFRUL	Association of Fruit Producers from Lepanto [Asociación de Fruticultores de Lepanto]
CABEI	Central America Bank for Economic Integration
CATO	Central America Trade Office
CENTA	Center of Agricultural Technology and Forestry Technology [Centro de Tecnología Agropecuaria y Forestal]
CITC	Committee of International Technical Cooperation
CNAF	National Committee of Family Agriculture [Comité Nacional de Agricultura Familiar]
COMRURAL	Rural Competitiveness [Competitividad Rural]
COOPEPROGUATA	Cooperative of Taiwanese Guava Producers [Cooperativa de Productores de Guayaba Taiwanesa]
DAC	Development Assistance Committee
DPP	Democratic Progressive Party
EPA	Environmental Protection Administration
HKND Group	Hong Kong Nicaragua Canal Development group
ICT	Information and Communication Technology
IDA	Institute of Agricultural Development [Instituto de Desarrollo Agrario]
IDB	Inter-American Development Bank
IECDF	International Economic Cooperation and Development Fund
INA	National Institute of Learning [Instituto Nacional de Aprendizaje]
INDER	Rural Development Institute [Instituto de Desarrollo Rural]
INFOCOOP	National Instituto of Cooperative Promotion [Instituto Nacional de Fomento Cooperativo]
ISTA	Institute for Agricultural Transformation [Instituto Salvadoreño de Transformación Agraria]
IT	Information Technology
ITC	Center of International Commerce [Centro de Comercio Internacional]
KMT	Kuomintang
MAG	Ministry of Agriculture and Livestock [Ministerio de Agricultura y Ganadería]
MDGs	Millennium Development Goals
MIF	Multilateral Investment Fund
MOEA	Ministry of Economic Affairs
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
Mz	Manzana is a measurement commonly used in Central America and is equivalent to 1.72 acres.
NGOs	Non-Governmental Organizations
ODA	Official Development Assistance

OECD	Organization for Economic Cooperation and Development
OSPESCA	Central American Fisheries and Aquaculture Organization [Organización del Sector Pesquero y Acuícola del Istmo Centroamericano]
PRC	People's Republic of China
PROCOMER	Promoter of Foreign Commerce Costa Rica [Promotora de Comercio Exterior de Costa Rica]
ROC	Republic of China-Taiwan
ROC-CAEDF	Republic of China-Central America Economic Development Fund
SAC	Central American System of Custom Classification [Sistema Arancelario Centroamericano]
SAG	Department of Agriculture and Livestock Honduras [Secretaria de Agricultura y Ganaderia]
SATCC	Sino-Africa Technical Cooperation Committee
SDGs	Sustainable Development Goals
SICA	Central America Integration System [Sistema de Integracion Centroamericana]
SIECA	Central America Economic Integration System [Sistema de Integracion Economica Centroamericana]
SME	Small and medium enterprise
Taiwan ICDF	Taiwan International Cooperation and Development Fund
TVET	Technical and Vocational Education and Training
UN	United Nations
US	United States of America
WHO	World Health Organization

## CHAPTER 1 INTRODUCTION

“Taiwan is financially rich but diplomatically poor” (Chan, 1997, p.37). In 2017, Taiwan was recognized by just 20 countries, 11 of which are located in Latin America and the Caribbean and 5 in Central America (that accounts for 25% of nations). Hence, the importance of the Central American region to Taiwan. They are crucial to Taiwan’s claim of national sovereignty based on international recognition. Many scholars claim that Taiwan’s foreign aid objective is political due to Taiwan’s search of international recognition (He, 2005; Tubilewicz& Guilloux, 2011). Foreign aid is a tool for maintaining and enhancing relations with small and impoverished Central American nations (He, 2005).

Taiwan’s foreign aid is well known in the scholarly community for being “dollar diplomacy”. The continuous fight over diplomatic allies with the Chinese government forced Taiwan to use monetary incentives; a strategy that was mainly used in African nations and later, when most of those nations had switched recognition in Latin America. In spite of that, in Central America, Taiwan’s aid is seen as very favorable and is well received. This raises the question can Taiwan’s aid be judged solely on the basis of ‘dollar diplomacy’ and be seen as ineffective or has it benefitted Central America societies? In other words, has Taiwan’s foreign aid been effective in Central America?

This research will try to answer this question by studying Hispanic scholarly articles, analyzing Taiwan’s aid, strategies and projects in the region, and through the use of a case study and holding interviews. It will determine if Taiwan’s foreign aid has helped development in Central America from the recipients’ perspective.

The purpose of this research is to review Taiwan’s foreign aid from diverse viewpoints: that of the international community, Taiwan ICDF and aid recipients. Although Taiwan has made use of controversial foreign aid tools, to judge it only on the basis of ‘dollar diplomacy’ would be narrow-minded. Taiwan has also used foreign aid to promote education, provided hands-on training to local farmers, provided access to financial credits to micro-, small- and medium-sized enterprises in Central America and much more.



## 1.1 Research Background

### *Taiwan's Aid History*

Taiwan's first foreign aid project was in 1959, for Vietnam and consisted of technical assistance for agricultural development (MOFA, 2009). The project proved to be successful, Taiwan decided to start aid programs specifically in Africa with Operation Vanguard in 1961. The programs provided agricultural technical assistance and they soon became a success. The programs were renamed Sino-Africa Technical Cooperation Committee(SATCC) and continued providing development assistance in Africa(Taiwan ICDF, 2012). SATCC was the first Taiwanese institution to manage development projects. This institution became obsolete as Taiwan lost most of its African allies and its UN seat. As a result, Taiwan was forced to rethink its foreign aid strategy and also its institutions.

Taiwan had to shift its foreign aid policies from Africa to Latin America. The main reasons for Taiwan's decision were: 1) to please the United States and hopefully not lose its diplomatic recognition. 2) Almost half of Taiwan's allies were located in Latin America and Caribbean and 3) most of these nations were underdeveloped which allowed Taiwan to take advantage of its previous successful cooperation programs in Africa and continue to provide agricultural technical assistance to countries in the Caribbean and Central America (Cheng, 1993). In 1972 Taiwan created its second institution to manage foreign assistance, this time with the name of the Committee of International Technical Cooperation(CITC). SATCC was renamed CITC. This new entity provided allies with technical assistance in production so that they could become self-sufficient (Taiwan ICDF, 2004). Despite, Taiwan's interest in the region, the amount of economic aid provided to Latin America was not as big as the one given to Africa in the 1960s (Cheng, 1993).

In 1979, foreign aid became more important to Taiwan as it had lost the recognition of its most important ally: the US. Taiwan had to rethink and be more creative in the usage of foreign aid to avoid isolation. In 1988 under President Lee's pragmatic diplomacy, Taiwan created the International Economic Cooperation and Development Fund(IECDF) under the Ministry of Economic Affairs(MOEA) (Taiwan ICDF, 2012). The IECDF's goal was to assist economic development to its allies and friendly countries. This entity provided direct and indirect investment. At the same time

many other foreign aid projects were also being carried out by Ministry of Foreign Affairs (MOFA). IECDF didn't centralize all of the development assistance projects. MOFA was still in charge of the CITC who provided technical assistance, humanitarian aid, loans and grants (Cheng, 1993).

Other agencies such as the Ministry of Finance(MOF), the Council of Agriculture and the Export-Import Bank of Taiwan would also provide foreign aid. MOFA supervised and authorized all of the foreign aid projects and decided the purpose of the aid, diplomatic or economic. Despite that IECDF was under the MOEA and that CITC was a semiautonomous institution, MOFA was a leading member of both IECDF and CITC. The superior role of MOFA in the decision making process of grant or loans to allies, caused conflict between MOEA and also MOF. Taiwan ICDF was created in 1996. This new entity under the administration of MOFA consolidated the activities of CITC and IECDF.

#### *Definition of Taiwan's Foreign Aid*

According to the Organization for Economic Cooperation and Development(OECD) , Official Development Assistance(ODA) foreign aid is defined as a monetary transaction from Development Assistance Committee (DAC) to developing nations and multilateral institutions with “the promotion of economic development and welfare of developing countries as its main objective and is concessional in character and conveys a grant element of at least 25%.”(OECD, n.d.). Morgenthau (1962) is more explicit in his definition that foreign aid is a common title given to different kinds of aid that have one thing in common, the transfer of money, goods or services from few rich nations to many poor nations and they can be classified as: humanitarian, subsistence, military, bribery, prestige and aid for economic development. All except humanitarian can be considered political aid and in some cases, even humanitarian foreign aid is political when the money is transferred from one government to another.

The real objective of foreign aid has been masked with the development claim; instead, donors' objectives are based on their self-interest. Younas (2008) determined that “economic and political self-interests of donor countries dominate their stated objectives for reducing poverty and promoting development through aid in developing countries” (p.672). Hence, aid is only a political tool from rich nation to poor nations, which favors donor nations instead of recipients. However, in the contemporary world

these definitions and objectives fall too short to explain foreign aid from non-DAC countries.

In the last few decades, the world has seen the inclusion of new players in the foreign aid arena such as: China, India, Brazil and South Africa. According to Quadir (2013), these new actors have changed the conventional and traditional practices of foreign assistance. They have challenged the meaning of foreign assistance. Yet, not all are “new” donors, in terms of years providing aid, as some have assisted since the 1950’s. The main difference is that they do not follow traditional donors’ standards. They are part of the south-south cooperation, a term that’s been used since the beginning of the 1980’s (Lopez Cabana, 2014), and is development assistance given from one developing nation to another.

Members of the south-south cooperation share several characteristics. First of all, a preference for “‘horizontal cooperation’ based on the principals of equality, partnership and mutual interest” (Quadir, 2013, p.324). Meanwhile, traditional donors have a more hierarchical foreign assistance that reinforces the inequality from the donor to the recipient. Second, the south-south cooperation has not put much effort on creating institutions that monitors and manages their foreign aid. For this reason, there is a lack of statistical information or research on the effectiveness of their aid programs. Third and last, south-south cooperation objectives are quite similar to traditional donors. “Like DAC countries, most southern donors use their overseas development assistance programs to promote their own trade, investment and commercial interest” (Quadir, 2013, p.333).

A relative newer term in development assistance is triangular cooperation. According to Guido (2010), this is an important and emergent type of development assistance. Triangular cooperation is technical cooperation that is provided from a traditional donor to a beneficiary country in the south via an emerging donor in the south. The cooperation provided is based on a successful case of assistance between a traditional donor and emerging donor. Later the emerging donor can transfer the experience to a developing nation. However, this new type of cooperation doesn’t apply to Taiwan.

Although Taiwan is not a DAC member nor a south-south cooperation member and can’t make use of triangular cooperation, Taiwan’s aid characteristics are more similar to that of the south-south cooperation than a traditional donor. According to

Wang (1990), Taiwan's technical cooperation "represents an attempt by one developing country to enhance the economic progress of other developing countries" (p.162). Taiwan's aid, in contrast to developed nations, "exported no political ideology, conducted no subversive activities, promoted no revolution to overthrow the government of the host country, and presented no political threat to any of the host country as a condition for technical cooperation or other forms of assistance" (Wang, 1990, p.174). However, it can be argued that the Taiwanese government considers foreign aid as a North to South aid. Since 2012 the Taiwanese Executive Yuan publicly declares Taiwan's Official Development Assistance as per OECD standards on Taiwan Statistical Databook.

Taiwan's aid started from only being bilateral agricultural cooperation in 1960's. By the 1980's Taiwan included in its foreign aid: bilateral and multilateral grants and loans (Cheng, 1993). By the 1990's aid had expanded to: technical cooperation, grants and loans and humanitarian relief (Chan, 1997; Cheng, 1993). In addition to promotion of investment, especially in Latin America (Wang, 1990). This statement was also confirmed by Lee (1993) who claimed that investment goes along with Taiwan's aid in Latin America. By the 1990's donations to multilateral institutions were also considered part of Taiwan's aid (Lee, 1993).

## **1.2 Methodology**

This research was a qualitative research divided in three parts. The first part was an analysis of secondary and tertiary data. The objectives were: first, to review academic articles on Taiwan's aid to Central America in English and Spanish. Second, gather information on Taiwan's foreign aid and understand Taiwan ICDF aid strategies and activities in the Central American region. Articles were gathered from academic journals and books written on Taiwan's foreign aid. In addition, reports from Taiwan ICDF, MOFA and Taiwan's Statistical databook.

The second part of this research was a case study of a project carried out in Central America by Taiwan ICDF. The project selected was a technical cooperation project due to the importance of this element of Taiwan's foreign aid in Central America- Taiwan relations. The case selected was a horticultural project, the Taiwanese guava. This is a relatively new variety of guava in Central America that involved a

transfer of technology and knowledge from Taiwan's technicians to locals. The scope of the case study included Costa Rica, where guava was first introduced, followed by Honduras and El Salvador. The case study is a detailed description of Taiwan ICDF projects and the results on the country's guava production and on aid beneficiaries until now. The research used reports from the Ministry of Agriculture and Livestock [Ministerio de Agricultura y Ganaderia] (MAG) of each country, newspaper reports, statistics on exports and imports of guava, statistics on production of guava and any other report from local institutions regarding the Taiwanese guava. In addition, three interviews were carried out, one per country. The objective of the case study was to determine the long-term results of guava in Central America.

The third and last part of this research was in-depth semi-structured form interviews. The total sample size was 8 interviewees. Interviews were carried out with two Taiwan ICDF employees, the ambassador of Guatemala in Taiwan, the minister-counselor of El Salvador's embassy in Taiwan, the director of Latin American studies of Tamkang University and three guava farmers. The interviews were carried out with the objective of further understanding Taiwan ICDF activities, objectives and results in Central America. Interviews provided this research first-hand information on Taiwan's aid strategies to Central America, successful cases of development assistance and projects in which the institution didn't achieve the desired results, as well as understanding Taiwan ICDF final goal in Central America. All of these interviews provided different viewpoints of Taiwan ICDF activities in Central America.

The scope of the research focused in English and Spanish written articles. Analysis on Taiwan's foreign aid expenditure, Taiwan ICDF strategies in Central American (including Costa Rica from 1998 to 2007) from 1998 to 2015. This paper has chosen Taiwan ICDF due to the importance of its development cooperation to the Central American region. The timeframe was selected based on availability of information; the annual reports currently available are from 1998 until 2015. The guava case study includes the countries of Costa Rica, Honduras and El Salvador.

The following research is divided in 6 chapters. The first chapter introduces the research importance, provides a research background and explains the methodology. The second chapter reviews scholarly articles from the international community and the Hispanic community. The third chapter is an overview of Taiwan's foreign aid and Taiwan ICDF strategies. The fourth chapter is a case study on guava projects in three

countries: Costa Rica, Honduras and El Salvador. The fifth chapter is an analysis on Taiwan's aid in Central America which includes findings, discussions and evaluation of the research. The last chapter is the conclusion of this research.



## CHAPTER 2 LITERATURE REVIEW

Almost 70 years have passed since development assistance was promoted by the United States to assist war-torn nations and developing regions. After WWII, Europe was left completely destroyed and US feared expansion of Soviet Union's communist ideology in the region. In order to contain the Soviet Union and at the same time expand US free market ideology, the US enacted the Marshall plan in 1948. (US Department of State, n.d). This plan provided Europe with an investment of US\$13billion and the goal was to "stabilize Europe, not as a permanent program for Europe recovery but as an emergency tool of assistance" (USAID, 2002). Later, the Marshall plan was followed by the enactment of the Four Point Program by president Truman in 1949. On the contrary to the Marshall plan that assisted war-torn nations in Europe, the major beneficiaries of Point Four program were developing nations. The objective of the Point Four program was "aiding the development of economically underdeveloped areas by making available technical resources and, on a cooperative basis fostering capital investment in them." (United States Committee on Foreign Affairs, 1949, p.1). After both of these plans, aid to developing regions became an integral part of other countries foreign aid policies.

The Marshall plan has been regarded as a successful program. However, the results expected for foreign aid in developing nations to yield growth, to date, are still inconclusive. Some scholars claimed that aid leads to growth and poverty reduction under certain conditions such as good institutions (Collier & Dollar, 2001). Others argue that results are undetermined (Rajan & Subramanian, 2008), another group protested that aid as it has been currently given by aid agencies has not helped at all (Easterly, 2003), instead it slows down or hinders it (Moyo, 2009). Due to the controversy of this topic, the continuous evaluation of foreign aid through different perspective is important for society. Continuous research will provide a better understanding and may determine what are the best ways in which foreign aid can be given by donor nations and under what terms recipients should receive it.

This research literature review is divided into two main sections: International scholars' perspective and the Spanish-speaking scholars' perspective.

## 2.1 International Scholars' Perspective

### *Taiwan's aid objectives*

“Taiwan’s foreign aid has and will always be a diplomatic tool” (Chan, 1997, p.37). Taiwan’s foreign aid objective is also confirmed on Taiwan’s first white paper (2009) in which the Ministry of Foreign affairs claimed “Diplomacy’s primary objective is to seek to maximize a nation’s interest, and ensure its survival and development. Providing aid to foreign countries forms an important part of this...” (Preface). No matter what public statement is made, the objective of Taiwan aid is clear: to maintain and increase its diplomatic allies’ pool (Tubilewicz & Guilloux, 2011). Taiwan’s focus on increasing international recognition in order to obtain national sovereignty is a legacy of the era of President Lee- Teng Hui (He, 2005). Some strategies used during his era were to have a broad diplomatic representation, to increase international agreements, frequent high-level official visits and whenever possible establish diplomatic relations (He, 2005). His policies have persisted the successive presidency of Democratic Progressive Party (DPP) Chen Shui-Bian and Kuomintang (KMT) Ma Ying-Jeou.

Taiwan foreign aid includes: technical cooperation, lending and investment, humanitarian aid, education and training (Taiwan ICDF, 2015) and donations to multilateral institutions (Cheng, 1993). Some authors claimed that bribes were also an element of Taiwan’s aid. According to Tubilewicz & Guilloux (2011), projects under Taiwan’s “confidential budget” constituted 15% to 25% of Taiwan’s total foreign aid. The information on the confidential budget projects are not disclosed on the name of national security (Chen, 1993) but Tubilewicz & Guilloux (2011) concluded is used as a form of bribery to secure diplomatic recognition. For this reason, Taiwan’s aid is commonly referred as ‘dollar diplomacy’.

According to Chen & Erikson (2007), “dollar diplomacy” or “checkbook diplomacy” is giving cash payment to the politicians to their personal account. Instead, Van Vranken (2007) has a more specific definition is “a policy whereby Taiwan bribed small countries to remain loyal diplomatic allies” (p.15). Consequently, Taiwan has been involved in many corruptions scandals from the Mayan ruins of Tikal in Guatemala down to the Panama Canal.

Officially, the government declared that international cooperation and



development includes: “technical assistance and capacity building, investments, loans, guarantees, financial donations, gifts in kind, dispatch of personnel, development strategy consultation and other feasible methods” (MOFA, 2010). The Taiwanese government explicitly stated, “a classified budget may be arranged for projects that involve national secrets.” (MOFA, 2010).

### *Taiwan's Foreign Policy 1990's to 2010's*

#### *Decade of 1990*

Articles on Taiwan's foreign aid during the 1990's discussed Taiwan's success in gaining diplomatic space. From having lost 46 allies in the 1970's (Van Vranken, 2007), the 1990's brought an increase international recognition from only 22 nations in 1988 to 29 in 1992, as a result of its economic aid programs (Chen, 1993). According to Lee (1993), the end of martial law allowed President Lee to use more creative diplomatic strategies such as the ‘pragmatic diplomacy’.

As Van Vranken (2007) explained, this new foreign policy marked a great shift from Taiwan previous policy of no tolerance to a more to open and flexible approach of acceptance of dual recognition. According to the previous author, pragmatic diplomacy included the reinforcement of diplomatic relations, establishing substantive relations with countries that do not recognize Taiwan and the readmission of Taiwan to international organizations. Lee (1993) deemed this policy as successful since it was able to achieve its main objective of winning more allies. Yet, Chan (1997) attributed part of the success to Taiwan's economic achievement claiming that “Taiwan's ability to increase its aid capacity will no doubt ensure that aid can remain a useful, if limited, diplomatic tool and a potentially important economic tool.” (p.56)

Wang's (1990) findings are very similar to previous authors. He claimed that before 1979, Taiwan was successful in obtaining allies in Latin America because of the cold war and the great anticommunist feeling in the region. After 1979, it was necessary to use diplomatic tools such as: technical cooperation, trade and, at the moment Wang's paper was written, Taiwan had promised investment in the region. Wang (1990) concluded, “The Republic of China-Taiwan (ROC) 's economic cooperation with Latin America...is more fruitful [than China].” (p.173).

In spite of the optimistic feelings that foreign aid had brought to Taiwan in the 1990's, those feelings were not share by all in Taiwan. Opinions on foreign aid by

government officials was polarized. Some wanted to use aid as a political tool to promote international recognition; others wanted to use it as an economic tool to promote humanitarian, trade and investment objectives (Chan, 1997). The opposition party - DPP-, kept pressuring the government to stop wasting the money on ‘dollar diplomacy’ (Lee, 1993), and the civil society was also protesting that “the political returns obtained from these countries fall far short of Taiwan's aid investments in them” (Chan ,1997, p.56). Chen (1993) was convinced on the advantages of foreign aid but claimed that ‘dollar diplomacy’ was one of the problems of Taiwan’s foreign aid and that is necessary for the government to become more transparent.

#### *2000 to 2008*

In 2000’s, China increased presence in Latin America intensified the diplomatic war between Taiwan and China. During this period, Taiwan lost the recognition of 8 allies, from 29 in 2000 to 21 in 2008 (Tubilewicz & Guilloux, 2011), out of which 3 were Latin American (including the Caribbean) nations.

He (2005) claimed that some of the strategies used to fight this diplomatic war were: semiofficial or unofficial recognition, increased presence in regional organizations, United Nations (UN) vote, foreign aid, trade and direct investment. Research done by Chen & Erikson (2007) obtained very similar results, but in addition, it included frequent visits to the region, signing free trade agreements with its allies and increased presence of non-governmental charity institutions in the region. (Cheng, 2016)

Some scholars claimed that using trade as strategy to keep its Central American diplomatic allies was no longer sustainable for Taiwan. Since exports from Latin America to China had increased at a pace of 60% per year and more than six-folded by 2006 (Chen & Erikson, 2007). However, research by Avendaño & Dayton-Johnson (2015) determined that Central American nations are not benefitting from the increase in trade from Latin America to China. Exports from Central America to China are miniscule, only Costa Rica and Panama increased their exports, with only 5% of their total exports going to China. In an attempt to increase trade Taiwan insisted on establishing a free trade agreement with Central America nations and Paraguay (Chen & Erikson, 2007).

In the case of China, using trade as a strategy was also not so successful as Central American nations saw China as a menace due to its large number of cheap

labor. China could endanger Central America's emergent manufacturing sector (Chen & Erikson, 2007). Some authors claimed that establishing relations with China on basis of trade would not benefit Central America. Avendaño & Dayton-Johnson (2015) determined that since the Central American region produced similar products as China, therefore "there is little in China's rise likely to benefit Central American countries at present" (p.33).

From an investment perspective, He (2005) stated that Taiwan has been a major investor in Central America for many years and still is attempting to get more investment in the region. This fact is contradicted by Chen & Erikson (2007) that claimed no matter Taiwan's government desire for investment in Central America, the results had not been what was expected. Cheng (2016) also concurred that Taiwan's investment in the Central region is quite small. Most of Taiwan's investment in Latin America is in British territories in the Caribbean. From this we can conclude, Taiwan's investment strategies to maintain diplomatic allies has been unsuccessful in Central America.

Both China and Taiwan have increased the presence in regional organizations in Latin America (He, 2005). Despite China's effort to isolate the island, Taiwan has been successful in having presence through international organizations in Central America. Some examples of these are: the Central America Integration System [Sistema de Integracion Centroamericana] (SICA), Central America Bank for Economic Integration (CABEI) and the Inter-American Development Bank (IDB) (Chen et.al, 2007; He, 2005). On top of that, it holds an observer status in the Central American Parliament and the Forum of the Presidents of the Legislative Powers of Central America (Cheng, 2016). Taiwan's non-governmental organizations have also been expanding globally increasing its international space (Chen, et. al, 2007).

China's UN vote also plays against Taiwan's international recognition. China rarely used its veto vote but has used it in certain occasions to punish Taiwan's friends whenever they push to obtain Taiwan's recognition in the UN (He, 2015). China has been able to steal some of Taiwan's friends by using the UN vote card. Another strategy that has been used by both China and Taiwan has been the establishment of commercial offices in many of the countries in which both did not have any sort of diplomatic recognition (He,2005). This opens a road for communication between that nation and China or Taiwan, which could lead to a switch in diplomatic recognition.

Scholars claimed that Taiwan has made use of its ‘dollar diplomacy’ strategy in exchange for diplomatic recognition. “Taiwan has practiced ‘checkbook diplomacy’ in Central America and the Caribbean-with uneven results- but a large number of countries find the lure of China’s market more attractive than supporting Taiwan” (He, 2005, p.88). Chen & Erikson (2005) agreed with He (2005) that for Taiwan “the good old fashioned cash, in the form of development aid, is still indispensable to the maintenance of those ties” (p.78).

During the 2000’s, the small scale of commercial activities between the Central America region and Taiwan and the increasing pressure of the rising dragon gave Taiwan no other option but to continue using ‘dollar diplomacy’. (Chen & Erikson, 2007). The election of the DPP which was expected to bring an end to ‘dollar diplomacy’ never happened. According to Van Vranken (2007), the Chen’s administration claimed that “it has put an end to the KMT’s long standing practice of ‘dollar diplomacy’” (p. 15) was proven to be false, “there is evidence that Taipei still engages in some forms of ‘dollar diplomacy’ to retain diplomatic allies” (p.15). On the contrary, Tubilewicz & Guilloux (2011) argued that President Chen’s decision to diminish foreign aid expenditure was the reason for losing 7 diplomatic allies. The author claimed, “the evidence suggests that the Chen administration resisted blackmail, particularly from aid recipients where Taiwan was already among the largest aid donors” (p.335). Huang (2016) differs in opinion from Tubilewicz & Guilloux (2011) in the fact that during Chen’s presidency “the two sides of the Taiwan strait still implemented ‘Chequebook diplomacy’” (p.469) yet agreed with Tubilewicz & Guilloux (2011) in the fact that the ‘classified budget’ shrank.

#### *President Ma’s term*

DPP realized that it was unsustainable to compete with China’s foreign aid since China could and would offer much higher amounts of foreign aid. For this reason, President Ma negotiated a ‘diplomatic truce’ with China. This truce would suspend aid competition to gain allies (Tubilewicz & Guilloux, 2011). Huang (2016) argues the diplomatic truce is responsible for ending the ‘chequebook’ practice. He concluded, “Taiwan, under the leadership of President Ma, has fairly recovered bilateral relations that were damaged before by ill-practice diplomacy” (p.476). Stallings (2017) also agreed with Huang that ‘dollar diplomacy’ has finally ended. “This so-called competitive checkbook diplomacy between the People’s Republic of China (PRC) and

Taiwan was limited after a 2008 “truce” was declared between the two, although some aid continues to flow from each side, albeit in more discreet way” (p.73). On the other hand, Cheng (2016) believed that under President Ma the fierce contest between China and Taiwan weakened but not ended.

A good example of how the truce worked in Central America can be seen in El Salvador. In 2009, for the first time in El Salvador’s history, the left-wing party won the presidential elections. The new president wished to switch recognition to Beijing due to its similar ideology. According to Alexander (2014) on March 2010 the vice-Chairman of Mainland Affairs Council of Taiwan said that “El Salvador had tried to recognize the PRC at some point after the election of President Funes in 2009, but that Beijing had turned them down stating that they, ‘did not want to hurt the cross-strait reconciliation’ (Chang, cited in DPA, 2010)” (p.119).

“Foreign aid is not, and cannot be, divorced from foreign policy goals” (Taffet, 2007, p. 2). Taiwan’s foreign aid clearly and undeniable is linked to foreign policy. However, it should not be assumed that only because Taiwan’s foreign policies might have included certain non-transparent elements in the past, all of Taiwan’s foreign aid is non-transparent. Taiwan ICDF is an institution that is annually audited by accounting firms and financial reports are public. According to Taiwan ICDF secretary deputy, Taiwan ICDF manages around 12% to 15% of Taiwan’s annual foreign aid budget. Most scholars have focused on discussing the political aspect of Taiwan’s foreign policy but little has been written on how effective is Taiwan’s aid is on recipient countries. Should Taiwan aid be judged solely based on ‘dollar diplomacy’ as inefficient? Alternatively, has it actually benefitted the Central America societies?

#### *Taiwan’s Aid Results in Central America*

While not many studies look at Taiwan’s aid results from the perspective of the recipients. Alexander (2014) on his book *China and Taiwan in Central America: Engaging Foreign Publics in Diplomacy* provided an in-depth research on Taiwan’s public diplomacy in the Central America region. Alexander (2014) claimed that Taiwan is not performing well with the civil society of its partner allies. Taiwan is too focused on pleasing government officials that it has forgotten the importance of the civil society. In addition, Taiwan’s objectives are too narrow in comparison to China. “Taiwan’s objectives in El Salvador mainly revolve around the continuation of its formal diplomatic relationship with the government. Whereas China’s objectives in El

Salvador appear to be both political and economic” (p.154). The author believed that Taiwan’s challenge comes from improving its public diplomacy and having more objectives with the region.

Alexander’s research on Taiwan’s foreign aid although insightful, focused solely on public diplomacy. It does not provide the viewpoint of aid beneficiaries or Central American’s scholars regarding Taiwan’s aid effectiveness in the region. In order to so, this paper would like to answer the following question: What are the different perspectives from Central America (scholars, recipients and public officials) regarding the effectiveness of Taiwan’s aid?

## **2.2 Spanish- speaking Scholars’ Perspective**

Spanish-speaking scholars focus mostly on evaluating China’s and Taiwan’s rivalry for recognition in the Central American region. However, this paper is not interested on discussing this issue, instead it tried to determine the scholar’s viewpoint on Taiwan’s aid and effectiveness in Central America. In order to do so, it was first necessary to determine the reasons why Central America still recognizes Taiwan. Those reasons provided the key elements on why Taiwan has been successful in Central American nations. China will be mentioned on the following analysis, as Taiwan’s elements of success demonstrate China’s weaknesses and vice versa.

### *Reasons for Taiwan’s Recognition in Central America*

Aguilera Peralta (2006) defined 4 reasons on Central America’s recognition of Taiwan, which are: cold war brotherhood, bilateral and multilateral cooperation, diplomatic relations and commercial activities. Rodriguez (2013) argued seven key variables which Costa Rica and Nicaragua based their decision to switch recognition or continue recognizing Taiwan. Those variables are: United States of America(US) role in Central America politics, personal diplomacy, semiofficial recognition of Beijing or Taipei, development cooperation, commerce and foreign investment opportunities and membership to international organizations. After reviewing both authors variables, I determined four variables are consistent with both scholars, those are: history of Taiwan’s foreign aid to Central America, development cooperation, commerce and investment opportunities and participation in the regional integration process. Each variable is explained below.

## *History of Taiwan's Foreign aid to Central America*

The Central American region established diplomatic relations with Taiwan during the cold war. Following US foreign policy towards Taiwan was the initial reason for recognition of Taiwan by Central American countries. (Rodriguez, 2013). Taiwan's foreign aid during the 1960's had focus mainly in Africa. It wasn't until Taiwan lost its UN seat that it decided to change its priority to Latin America. This was done for several reasons, one was hoping not to lose US recognition, as US considered Latin America to be part of its national interest. The attempt was in vain as in 1979 the US switched recognition to Beijing. Most of the countries in Latin America also switched recognition with the exception of Central America.

Common anti-communist ideology between Taiwan and Central American keep alive the relationship(Aguilera Peralta, 2006).To the point that, during the cold war, Taiwan government provided military training to the authoritarian regimes in Central America. (Aguilera Peralta, 2006; Alexander, 2014). "Military diplomacy" in Central America is something that the Taiwanese government prefers to keep out of public information and it's been successful in doing so because of the small amount of articles and information available (Alexander, 2014). This foreign policy allowed Taiwan to establish personal links with the political elites of the Central American nations. The historical link between Taiwan and right-wing political parties in Central American nations is the reason why president Ortega, in Nicaragua, broke diplomatic relations with Taiwan in 1985. On the following elections, when the right-wing party won, Nicaragua switched again recognition to Taiwan. Ideology and US policies might have been a reason in the past but what are the current reasons for Central America to continue recognizing Taiwan?

### *Personal and Visit Diplomacy*

Rodriguez (2013) defined "personal diplomacy" as creating personal relations between Taiwanese functionaries and important members of ally countries by conceding favors and giving gifts. Personal diplomacy is complemented with "official visit diplomacy" which can be understood as "generous invitations from relevant individuals to know from first-hand Taiwan." (Rodriguez, 2013, p. 519). It is because of this visit diplomacy and personal diplomacy that Taiwan has been able to create a pool of politicians that are in favor of keeping Taiwan's recognition. Government

officials received a special treatment that they wouldn't have received elsewhere (Aguilera Peralta, 2006).

Aguilera Peralta (2006) described "Taiwan's embassies are very efficient in public relations and they have developed a broad program of visits to the island, held for many decades." Articles written in 1990 in Taiwan mentioned constant visit of government officials to Taiwan in "observation tours". Aguilera, (2006) concluded that as result many Central American political elites have visited Taiwan and they've received a warm welcoming. "Visit diplomacy" has developed positive attitudes regarding Taiwan's recognition and foreign aid.

#### *Development Cooperation*

Development cooperation is a crucial reason why Central America nations continued to recognize Taiwan. Aguilera Peralta (2006) went as far as calling it "the main element [of Taiwan's cooperation] is bilateral and multilateral cooperation" (p.173). Taiwan's foreign aid assisted Central American nations in infrastructure, development and emergency assistance.

Rodriguez (2013) explained his theory on why most of less developed Central America countries recognize Taiwan with the exception of Costa Rica. He claimed that more developed countries will favor the recognition of Beijing but less developed countries will favor Taiwan due to its development cooperation programs and technical assistance. In contrast to Aguilera Peralta (2006), Rodriguez (2013) didn't believe that is necessarily that Central American nations prefer Taiwan per se. He claimed "it is not that these countries necessarily prefer the cooperation of Taiwan or China. China's aid is of bigger quantity while the Taiwanese focuses on Central America, has more experience on the region and can be carried out without any type of limitation from the United States" (p.522). Rodriguez (2013) believed that it was due to development cooperation in the region that Ortega didn't change recognition to China when he was re-elected again in 2007.

#### *Commerce and Investment Activities*

Commerce and investment activities is a debatable reason, Aguilera Peralta (2006) believed trade deficiency between Central America and Taiwan is Taiwan's "Achilles heel". Nonetheless, Taiwan has always found ways to counteract this problem. For example, establishing Republic of China-Central America Economic



Development Fund(ROC-CAEDF) in 1998 and the Central America Trade Office (CATO) in Taipei.

Other authors agreed that a reason for switching recognition is because the Chinese market provides more opportunities of increasing national production. Rodriguez (2013) argued that Costa Rica switched from Taipei to Beijing because China opened up a giant market of opportunities. When Costa Rica switched recognition, it was the only nation in Central America that was already exporting to China. Contrary to Costa Rica, other Central American nations exports to China were minuscule (Pintor Pirzkall, 2016). Please take a look at the figure 2.1 from Pintor Prizkall (2016), by 2011 exports from Nicaragua, El Salvador, Guatemala and Panama to China were inconsequential. Costa Rica and Honduras were the only Central American nations exporting to China.

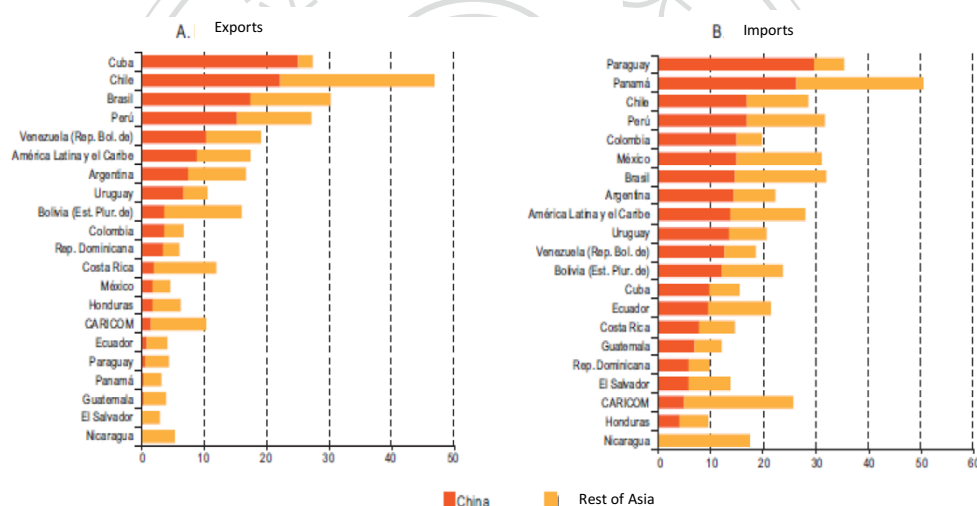


Figure 2.1 Latin America and the Caribbean trade with China and Asia-Pacific, 2011

Source: Data as a percentage of total imports and Exports from each country, Pintor Prizkall (2016, p.5).

### Participation in the Regional Integration Process

According to Aguilera Peralta (2006), another important reason is Taiwan's presence in the Central American integration process. Taiwan is an external observer for the SICA since 2002. It was the donor for the new SICA building in San Salvador (Esposito, 2016). On the financial side of the integration process, Taiwan is also a member of the CABI. By 2014, Taiwan was the biggest source of finance from all of the extra regional members, it had provided a total US\$500 million (Esposito, 2016).

Furthermore, since 1999 biannual meetings are held between Central America and Dominican Republic top government officials and the Taiwanese government. The location of the meeting alternates every time between participant nations (Aguilera Peralta, 2006). These meetings help confirm the cooperation and friendship bonds between Taiwan and Central American and Dominican allies (Esposito, 2016).

#### *Taiwan's Aid Categories*

Aguilera Peralta (2006) stated Taiwan's aid can be divided into: refundable, non-refundable and technical cooperation. Refundable aid included: long term loans with a low interest rate. Non-refundable aid was used for specific requirements of the government or infrastructure projects and for humanitarian assistance. Aguilar (2014) argued that Taiwan used its non-refundable assistance to counteract China's effect in the Central Region and it has seen an increased in Central America since Costa Rica switched recognition to Beijing. While, technical cooperation included development projects ranging from agricultural to development of small and medium enterprise, information technology, improving infrastructure and sending overseas volunteers. As part of their technical cooperation, Taiwan sends experts overseas to assist development projects. One last aspect of Taiwan's aid was a non-transparent element. This "non-transparent feature of the cooperation is the distribution of funds to political campaigns or for the use of the funds based on the president or head of states discretion." (Aguilera Peralta, 2006, p. 175).

#### *China's Appeal*

One of the disadvantages of recognizing Taiwan, is that it doesn't allow for China's recognition (Aguilera Peralta, 2006). China is attractive because of the bigger quantity of foreign aid (Rodriguez, 2013), investment and bigger market opportunities (Soto Acosta & Morales Camacho, 2015).

Costa Rican author Morales Camacho & Soto Acosta, 2015 claimed that Central American nations (with the exception of Costa Rica) haven't been able to see China's importance as a commercial and political partner due "big amount of money they receive from Taiwan (in dubious process and under strict secrecy)" (Ruiz, as in Soto Acosta, 2015, p.79). Morales Camacho & Soto Acosta (2015) stated that China is interested in investing in Latin American nations. Mostly in the telecommunications and logistic construction sector with phone companies such as Huawei and ZTE

corporation. In infrastructure and logistic construction is interested in the Nicaraguan Canal, whose rights of planning, designing, constructing and then managing rights have been given to the Hong Kong Nicaragua Canal Development (HKND) group. Morales Camacho & Soto Acosta (2015) believed that Costa Rica is a key country for the penetration of China in the Central America region.

Pintor Pirzkall (2016) disagreed with Morales Camacho & Soto Acosta (2015). Pintor Prizkarll (2016) claimed China's "investment and cooperation are focalized only in specific countries, there's no global strategy for the whole continent" (p.5). China is interested in Mexico's resources and those of South American countries. Central America doesn't have the resources that China needs. China uses its cooperation projects "not for altruism but the contrary, they are a strategy to expand its commercial relations and specific interest in exploiting the vast natural resources of the region, that are indispensable for its own economic development" (Pintor Pirzkall, 2016, 9). Following this idea, Aguilera Peralta (2006) claimed that the Central American market and exporting capabilities are too small for the demands of giant Chinese market. For Central America "to change recognition to China it would allow the development of commercial relations with the Asian giant. However, it's not clear how much it would benefit the economies in the region, it's believed that exporting side could find market niches in China, especially for coffee and sugar" (Aguilera Peralta, 2006, p.179). The same Niche markets that in the last few years have also seen an increased in trade with Taiwan.

There is some risk for Taiwan as China penetrates more Central America. Esposito (2016) claimed that after the Nicaraguan canal is built, Nicaragua would lose part of sovereignty and China might be able to enter the region. "Taiwan's relations with nations that belong to SICA will slowly become weaker as the political and economic consolidation of China in Latin America" (p.92).

#### *Taiwan's aid results*

In spite of the international community focus on Taiwan's foreign policy and use of controversial tools, most Central American nations considered Taiwan's assistance as favorable. Aguilera Peralta (2006) with his vast experience as Guatemalan Vice Minister of Foreign Affairs claimed that "Taiwan's aid even if it doesn't have the magnitude of big donor, the conditions which is carried out is very favorable" (p.173). He believed that Taiwan's success depended on the development cooperation, creation

of personal relations with politicians and the civil society, as well as, aiding the Central American integration process. In the author's opinion, the biggest challenge Taiwan faced is its commercial activities as they have not reached the expected results.

Taiwan's aid has also been effective in keeping China out of region. According Aguilar (2014) "is possible to consider that Taiwan's influence diminishes China's influence, even though Central American nations see no problem with keeping diplomatic relations with Taiwan and carrying out commercial activities with China" (p.266). On the other hand, Rodriguez (2013) concluded Central American nations decision of recognizing Taiwan or China is based mostly on the development of the nation. More developed economies will take advantage of China's economic and diplomatic opportunities. While, least developed nations will favor Taiwan's development cooperation. From these perspectives, we can conclude that most of Spanish-speaking scholars claim that Taiwan's development cooperation has been effective.



## CHAPTER 3 REVIEWING TAIWAN'S AID

This section provides an overview of Taiwan's total foreign aid, Taiwan ICDF strategies, categories of aid, expenditures per category and aid distribution. Followed by the last section Taiwan ICDF strategies in Central America from 1998 until 2015.

### 3.1 Taiwan's ODA

Since 2012, Taiwan's ODA is available on Taiwan's Statistical Data Book. Before that year, Taiwan's Statistical Data Book did not include ODA and it was not declared or mentioned on most of Taiwan ICDF reports. Data for Taiwan's ODA before 1989 is not available at all, nonetheless Taiwan started providing foreign aid since 1959. The data currently available is only a general number, no details on the amount given per region is available.

From Figure 3.1, we can see that from 2002 to 2008 there was an increase of foreign aid expenditure from US\$285 million to US\$430million. Nonetheless, from 2008 Taiwan's ODA has seen a decline. During president Ma ODA went down almost a 40% to US\$278 million in 2015. From 2013-2015 ODA seemed to have been more or less stable oscillating around US\$270 million per year.

Taiwan's annual ODA is small in comparison to big donors (Aguilera, 2006). Taiwan aid is much less than South Korea's foreign aid which in 2015 had an ODA of US\$1.91billion (OECD data). If compared with DAC countries, the amount given of Taiwan aid is comparable to Luxemburg and if it was part of DAC countries it would be one of the smallest donors of aid when measured as US million.

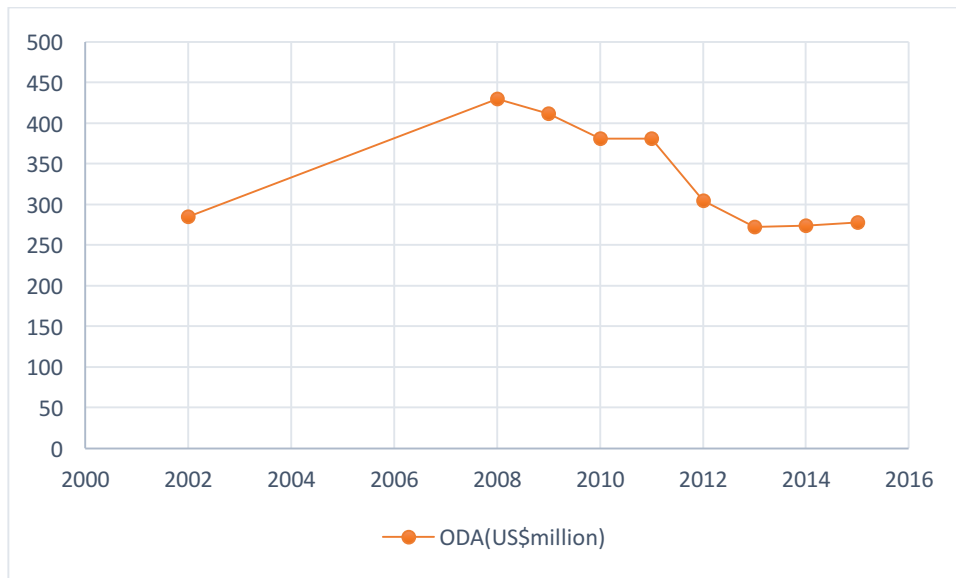


Figure 3.1. Taiwan's ODA 2008-2015

Source: Taiwan's Statistical Book Data and Taiwan ICDF 2002 report.

Taiwan's classification of aid as per Taiwan ICDF annual reports differs from that used by the OECD. However, on this section we will explain Taiwan's distribution of aid according to OECD. On figure 3.2, we can see that the sector that received the most aid was *social infrastructure and services*. Social Infrastructure and services from 2009-2015 on average received 44% of its total aid. Although some years as 2013 and 2015 it received more than 55% of total aid. This sector includes education, government and civil society, health and medical, water supply and sanitation and other social infrastructures.

The second sector was *economic infrastructure and services* which in the past 7 years received on average 19% of total aid. This sector includes fields such as: transportation and storage, communications, energy generation and supply and other. Followed by *others* that received on average 17% of Taiwan's total aid. The industries or projects included in *others* are unknown to this researcher.

On the fourth position is *production* that received on average 17% of Taiwan's ODA. The subfields that are included in this sector are: agricultural, forestry and fishery, industry, mining and construction, trade policy and regulation and tourism. Agriculture was Taiwan's main aid objective from the start of its aid program but throughout the years it diversified into other sectors, such as: building social

infrastructure and services. However, it continues to be an important aspects of Taiwan’s technical cooperation.

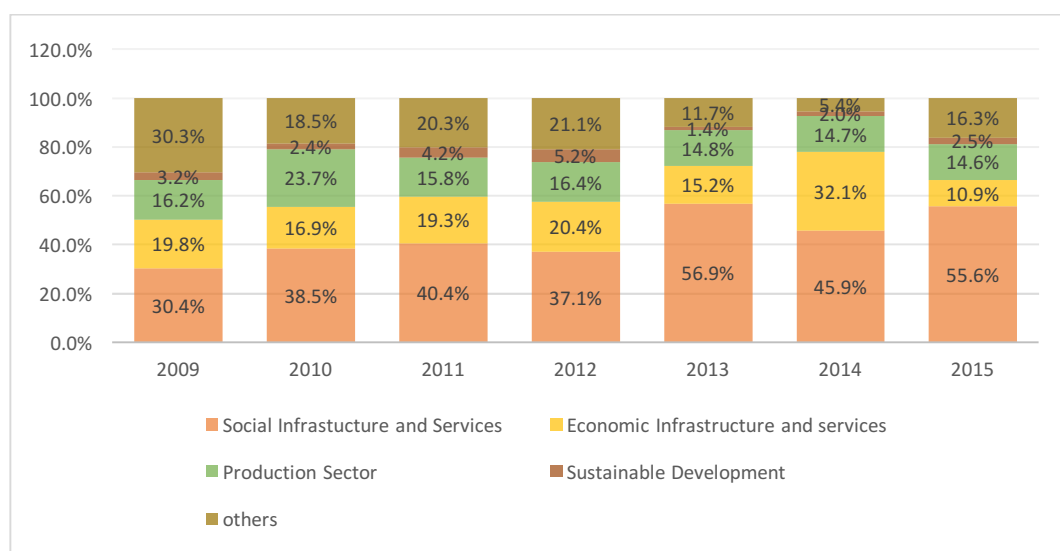


Figure 3.2. Taiwan's ODA distribution per sector 2009 to 2015

Source: Taiwan's Statistical Book Data

### 3.2 Overview of Taiwan ICDF Strategies

Taiwan ICDF was created in 1996. This new entity under the administration of MOFA consolidated the activities of CITC and IECDF. Taiwan ICDF initial fund was of NT\$11.6 billion, the balance of IECDF. All the data included on this section was obtained from Taiwan ICDF annual reports from 1998 to 2015. Since its creation Taiwan ICDF had two sources of funding: 1) its own capital resources, which uses for technical assistance, investment and lending and education and training program and 2) resources allocated by MOFA which uses to manage MOFA’s overseas technical missions (ICDF, 1999). According to the Taiwan ICDF 2000 annual report, Taiwan ICDF is “the Republic of China’s primary body of overseeing foreign assistance” (p.13). The mission of this institution is to strengthen and enhance the foreign relations of Taiwan with its allies and friendly nations through providing assistance in economic and social development.

In 1998 Taiwan ICDF general strategy was fairly broad “alleviating poverty in developing nations.” (Taiwan ICDF, 1998, p.13). However, as time passed by the strategies have become more specific and organized. In 2014, the strategy greatly shifted to “Taiwan ICDF has formulated two core strategies for carrying out its aid

work: 1) Respond to international development trends, drawing on Taiwan's comparative advantages; and 2) integrate public and private sector resources, and strengthen cooperative partnerships" (Taiwan ICDF, 2014, p. 11).

#### *Strategies 1998-2003*

Starting in 1998, Taiwan ICDF's general strategy was to diminish poverty. The methodology used was a mixture of technical assistance and lending and investment projects. Focusing on the industries of agriculture and fisheries. Starting from 1999 annual reports, trade and investment are included as part of foreign aid. After El Salvador's earthquake in 2001, humanitarian aid was included in Taiwan ICDF's annual reports as part of Taiwan's foreign aid. Taiwan ICDF considered this type of aid to be one important aspect Taiwan's aid, not because of the amount given to those projects but because it is important to development and for humanitarian causes (Taiwan ICDF, 2001). In 2003, Taiwan's strategy continued to be diminishing poverty through development assistance and while promoting "people's diplomacy". "People diplomacy" "unites the power of public and private sectors" (Taiwan ICDF, 2003, p.10). It was this year that funds were created jointly between Taiwan ICDF and private Taiwanese enterprise to invest in Taiwan's allies'.

#### *Strategies 2004-2009*

In the year 2004, Taiwan ICDF put more focus on "people's democracy" whose goal was "to mobilize the public to participate in international affairs and to combine resources of the government and non-government sector in undertaking foreign assistance" (Taiwan ICDF, 2004, p.15). That same year, Taiwan started to include the Information Technology (IT) sector as part of its foreign aid industries, to "reduce the international digital divide" (Taiwan ICDF, 2004.p.15). Taiwan's IT competitive advantage, provided Taiwan with opportunities to increase its interaction in the international arena. An advancement was made in 2006, when Taiwan carried out the APEC Digital Opportunity Center (ADOC) project which assisted APEC member nations in creating opportunities in the Information and communications technologies and establishing information economies. As well as an attempt to obtain membership in the World Health Organization(WHO) Taiwan started to have more projects on medical and public health, and also included those industries as part of Taiwan's target industry. On the other hand, it continued with the projects on small and medium



enterprise (SME) development, the agricultural sector, education and human resources. From this period on, Taiwan aid expanded not only in target sectors but also by encouraging the public to participate in foreign aid activities.

In 2007, Taiwan started incorporating the international community development assistance goals as their own. From then on, Taiwan ICDF strategies followed international trends and at the same time made use of Taiwan's competitive advantage. As the international community began to include environmental protection and the promotion of renewable energy as their goals. Taiwan also included this new sector as an operational priority.

By 2009 there was no more mentioning of 'people's diplomacy' and Taiwan ICDF strategy shifted from only reducing poverty to including many other sectors. Its strategy in 2009 was "reducing poverty, maintaining food security, responding to climate change, supporting environmentally friendly and sustainable development; and promoting balanced development throughout the global community" (Taiwan ICDF, 2009, p.10). Taiwan ICDF technical cooperation shifted from only providing assistance in production to help them transition to export-oriented agribusiness. This institution also followed international organization's trend to put more emphasis aid for trade.

#### *Strategies 2010-2015*

The year 2010 marked the establishment of guidelines for Taiwan's foreign aid. Starting from May, 2009 when the first MOFA white paper was published, whose objective was "establishing a legal, transparent and professional system of foreign aid...it lays out Taiwan's core foreign aid policy" (Taiwan ICDF, 2012, p.5). Followed on June 15, 2010, with signing by president Ma Ying-Jeou, and Taiwan ICDF of the International Cooperation and Development Act, this documents defined "the content, objectives, and operating principles underpinning Taiwan's international cooperation and development affairs" (Taiwan ICDF, 2012, p.5).

In 2010, Taiwan ICDF strategy continued to be to follow the international community objectives, which in this case were the Millennium Development Goals(MDGs) and to strengthen the cooperation with international organizations. Some of the international organization that Taiwan had been working with so far included: CABEL, European Bank for Reconstruction and Development and the Inter-American Development Bank(IDB) and its Multilateral Investment Fund(MIF). From here on, Taiwan replaced short term projects with only long-term projects that range from 4 to

6 years. However, this fact is contradicted by Dr. Kung who stated that before 2011 Taiwan ICDF projects in Latin America were carried out for a long term without a real definite objective. Technicians would stay a long time in a country (For more details please refer to appendix L).

In 2010, Taiwan started to work on what they called the “new era of diplomacy through technology” (Taiwan ICDF, 2010, chapter 1) Taiwan started providing access to satellite images to partner countries to monitor environment conditions, land use, natural disasters etc. In 2011, Taiwan ICDF included as part of its strategy to be more project oriented by integrating various types of aid for the same projects such as: providing financial aid with technical assistance and education or vocational training. Priority was given to 3 sectors: agriculture, Information and Communication Technology (ICT) complimented with vocational training.

Transparency became an important topic during 2010 and 2011. In 2011, Taiwan ICDF annual reports stated “We are also making more and more information public, to generate more sources of resources and cooperation” (Taiwan ICDF, 2011, p.9).

In 2012, Taiwan ICDF in addition to the traditional bilateral and multilateral assistance it incorporated triangular cooperation which includes the private sector and non-profit organizations. This strategy is an attempt to diversify and increase Taiwan’s international aid programs in the international community. As the MDG were approaching its deadline, Taiwan adopted the new vision of becoming the best partner for sustainable development by 2022. To accomplish this, it provided assistance in 5 operative priorities: agriculture, public health, education, ICT and environmental protection.

Taiwan, following the international organizations objectives, adopted the Sustainable Development Goals (SDGs) in 2014. The 3 key areas of SDGs are: diminishing inequality, guaranteeing prosperity for women, youth and minorities and to protect the environment. Taiwan has followed SDGs goals, but only on the areas that they have competitive advantage (those are the operative priorities mentioned in the paragraph above). An important revision was made on Taiwan ICDF education sector, in which Taiwan ICDF stated that education has changed from being elite-centered capacity to universal education, “human resource training programs focused on “capacity building for elite” that targeted government officials, professionals or

researchers. This approach has now transitioned and changed...” (Taiwan ICDF, 2015, p.41).

### *Taiwan ICDF Aid Categories*

Taiwan ICDF aid categories included: *Technical cooperation* which includes Taiwan ICDF technical assistance and MOFA commissioned missions. *Lending and Investment, education and training*, initially was labelled human resource training and later was called education. In 2001, *humanitarian aid* was incorporated as an annual budget category, nonetheless since before that date humanitarian aid was given to diplomatic allies. This categorization also concurs with internal Taiwan ICDF department division.

- *Technical cooperation* are projects financed through Taiwan ICDF fund in which know-how is transferred and it also includes MOFA commissioned projects. On the section below we have divided this aid category into two: Technical cooperation and technical missions (also called overseas missions or MOFA commissioned projects). The reason why we have separated it is because on Taiwan ICDF financial statements technical cooperation and technical missions are declared separately. From 2004, in Taiwan ICDF annual reports under technical cooperation includes: both MOFA commissioned projects and technical cooperation projects funded by Taiwan ICDF. Overseas missions can be either technical or medical missions. Missions constitute almost 70% of Taiwan ICDF expenses.
- *Investment and lending* are projects that encourage economic activities in partner countries. These activities can be either bilateral or multilateral. From the year 2004, this category came to be known also as banking and finance. The aim continued to be the same to assist allies or friendly nations in their economic development through investment and credit guarantees.
- *Humanitarian aid* refers to emergency relief. Although the amount given is not large, but it represents an important element for development (Taiwan ICDF, 2001). Humanitarian assistance also includes thorough post-disaster recovery assistance.

- *Education and training*, provides allies with the opportunity of building human capital to improve their technical and professional skills. This category includes Taiwan ICDF scholarship program in Taiwan and training programs.

*Technical Cooperation*

In the case of technical cooperation from 1998 to 2003, on average more than 75% of its aid went to Latin American (including the Caribbean) and around a 20% to Africa (For details, please see Appendix A). From 2004-2009, the region that received the most technical assistance continued to be Central and South America with a range of 42% to 53%, followed by the Caribbean with a range from 31% to 17%, then Africa received 28% to 19% annually. Asia Pacific, on the other hand, had a more volatile aid some years receiving only a mere 2% and other years 34%. The distribution of technical assistance from the year 2007 is unknown.

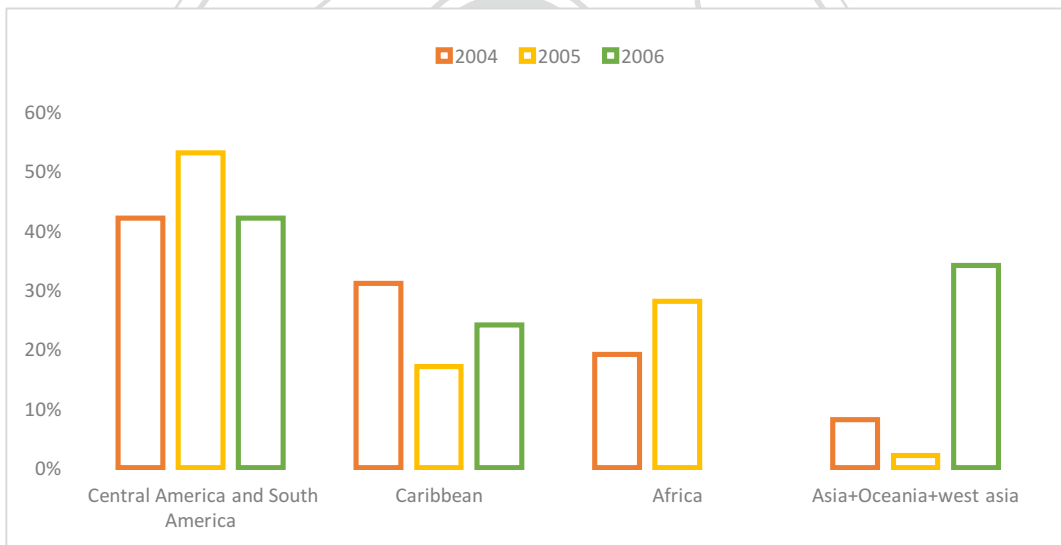


Figure 3.3. Technical cooperation expense distribution 2004-2006

Source: Taiwan ICDF Annual reports 2004-2006

Based on Taiwan ICDF financial statements, an estimation of the amount of technical cooperation expense for the past 5 years has been US\$2.114Million (For details ,please see appendix A). Technical cooperation has seen a 69% decrease in a period of 17 years from US\$4.8million in 1998 to US1.5million in 2015. The year 2000, was the year with the highest expense of US\$7.60million. All of the expenses detailed above where obtained from Taiwan ICDF balance sheets under the expense that is labeled as technical cooperation expense from 1999 until 2015, with the exception of

1998 which was obtained from Taiwan ICDF annual report as technical cooperation amount for that year.

*Technical missions commissioned by MOFA*

From 1998 to 2003, around 40% to 45% of the technical mission expenditure per year went to Africa, followed by Latin America (including the Caribbean) that received around 36% to 39% of the total budget. On average a 17% went to Asia and in 2001 a 13% was given to Europe. An interesting fact is that still by the end of the 90's and beginning of 2000's technical mission continued to focus in Africa (Please refer to appendix A for more details). From 2004-2009, the region that received the most aid was still Africa with a 41% followed by Latin America (including the Caribbean) who received in average 40% and the percentage ranges from a 28% to a 52%. Latin America from year to year started to increase the amount of expenditure for overseas missions. The third top received of overseas missions was the Asia Pacific region with an average of 18% per year. On some occasions, Taiwan has sent overseas missions to the Middle east.

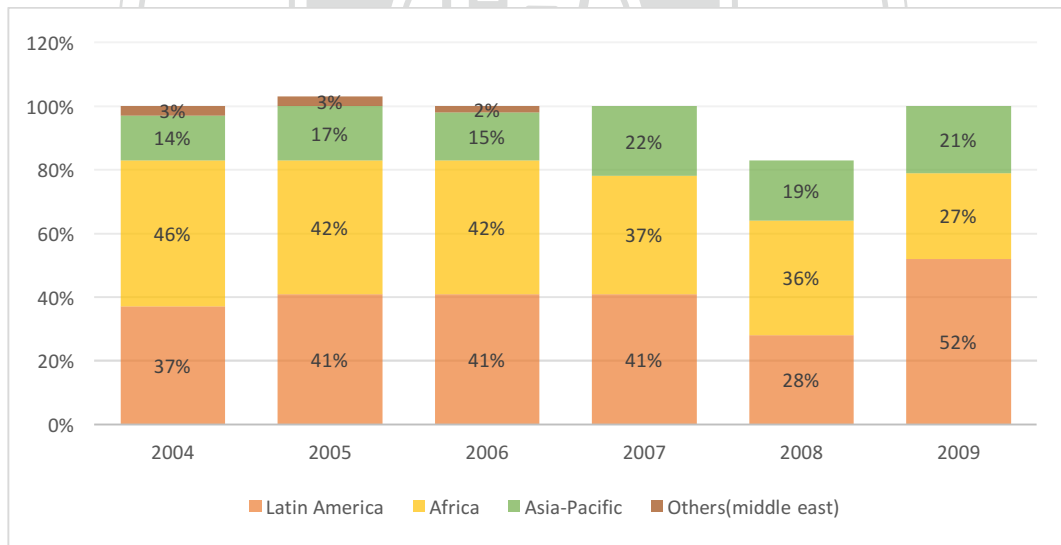


Figure 3.4. Technical mission distribution 2004-2009

Source: Taiwan ICDF annual reports from 2004-2009

From 2010 to 2015, Taiwan only published the distribution of overseas expenditure for one year 2010. In that year, top receiver of aid was Latin America with a 54% of technical missions' expenditure (that is distributed with a 24% to Central

America, 23% to the Caribbean, and 7% to Paraguay). Followed by a 25% going to Africa and then a 19% to the Asia Pacific region.

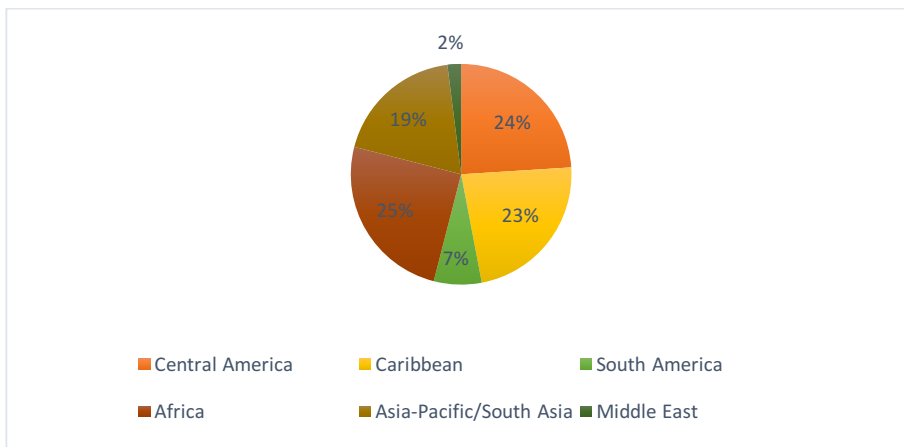


Figure 3.5. Technical mission distribution 2010  
Source: Taiwan ICDF annual report 2010

An approximate of the average expense on technical missions commissioned by MOFA for the past 5 years has been US\$36million. In the last 17 years' technical missions have seen an increase in 9.69% of expenditure. However, the approximate amount spent from the past 6 years has been more or less stable oscillating around US\$40 million to US\$35million per year. The year 2000, was when more was spent on technical missions with an amount of US\$48 million (Please take a look at figure 3.6). All the monetary amounts detailed in this part have been obtained from Taiwan ICDF balance sheets, the expense that is labeled as commissioned projects expense from 1999 until 2015 (For more information on this please refer to Appendix A).

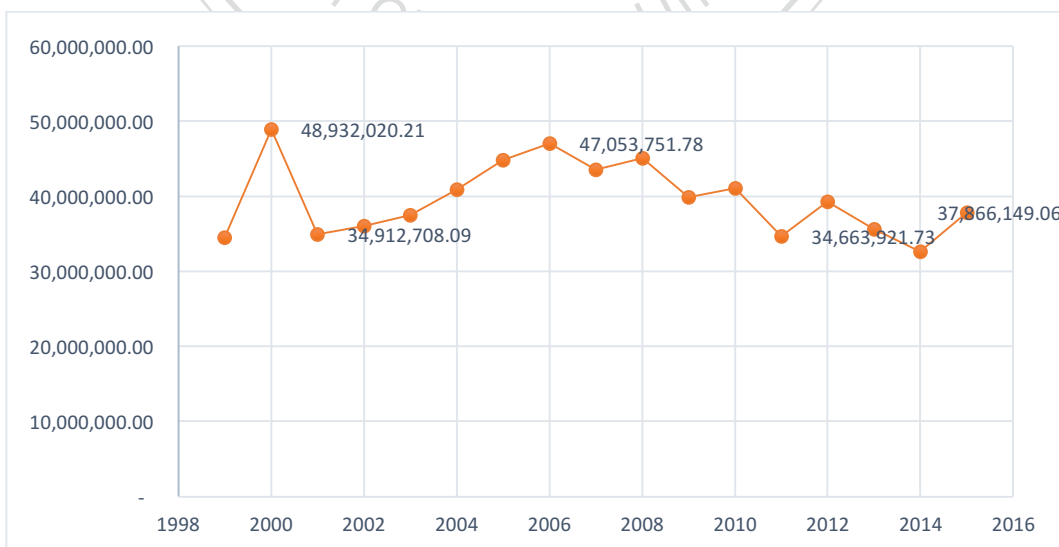


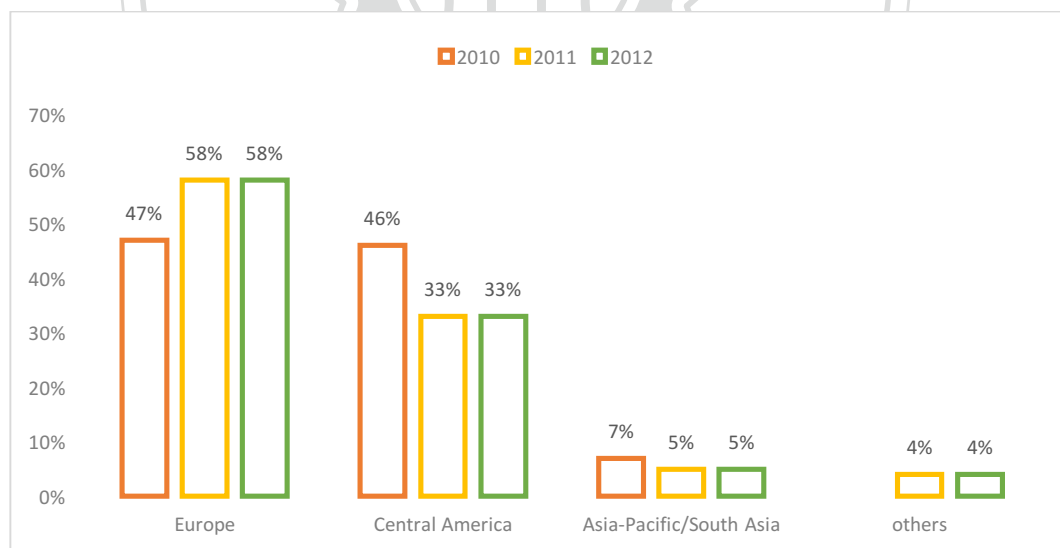
Figure 3.6. Technical mission expenditure 1999 to 2015  
Source: Taiwan ICDF Annual reports 1999 to 2015

### *Investment and Lending Distribution*

In the case of investment or lending, from 1998 to 2003, on average more than 50% of the investment and lending went to Latin America (including the Caribbean) (For more details see appendix A). During this period Africa received no lending and investment, with the exception of the year 2002 were it received 47% of the lending and investment.

For 2004-2009, Latin America (including Caribbean) continued to be the region that received most of the banking and finance aid with a range of 51% to 61% of the total going to that region. Followed by Asia Pacific that received from 15% to 28% of the total amount of financing. Africa, on the other hand, received from a range of 10% to a 13%, and the region that received the least is Europe, Central Asia or the Middle east with only a 6% to a 14% being assigned to it.

From 2010-2012, most of Taiwan's investment went to Europe with an average of 54% of Taiwan's investment going to Europe. Followed by Central America receiving an average of 37% annually and only small percentage going to Asia Pacific and other regions.



*Figure 3.7. Investment distribution 2010-2012*

*Source: Taiwan ICDF annual reports 2010-2012*

When it comes to loans from 2010-2012 the region that received most of the loans was Central America. Central America received from 38% to 48% and South

America (which includes only Paraguay) received the least with only 3% of all the loans per year.

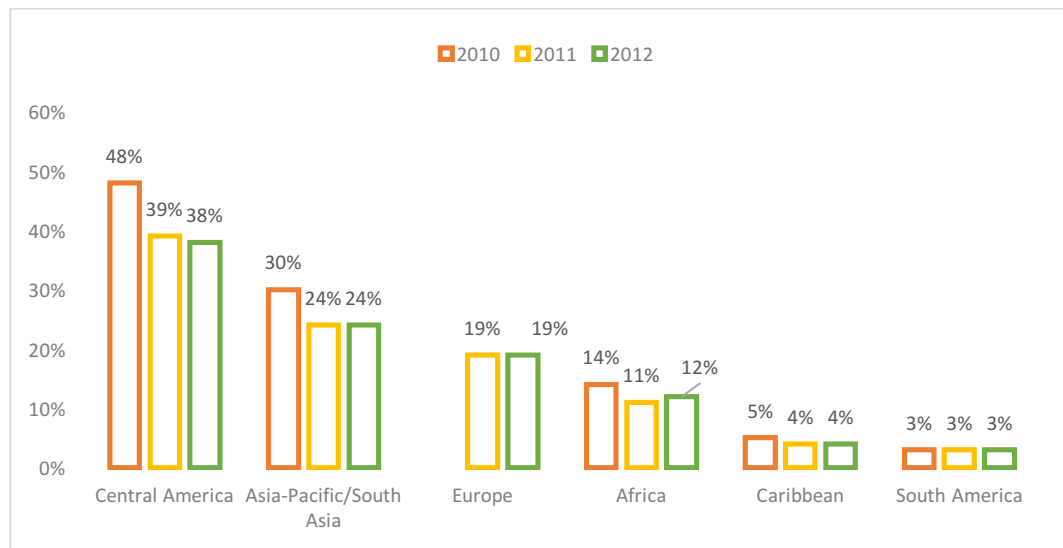


Figure 3.8. Lending distribution 2010-2012

Source: Taiwan ICDF annual reports 2010-2012

No estimation on the amount of loans and investment could be provided, as the amount that is included in the balance sheet as an expense would not be appropriate to estimate the loans.

#### *Education and Training and Humanitarian assistance*

Based on the balance sheets from 2000 to 2015, it was estimated that Taiwan's expense on international human resources development or education and training has been in average US\$2.43 million for the past 5 years. The year that Taiwan spent more on education and training was in 2002, with an expenditure of US\$3.26 million. However, for the past 10 years Taiwan's education and training aid has been rather stable oscillation around US\$2.37million per year.



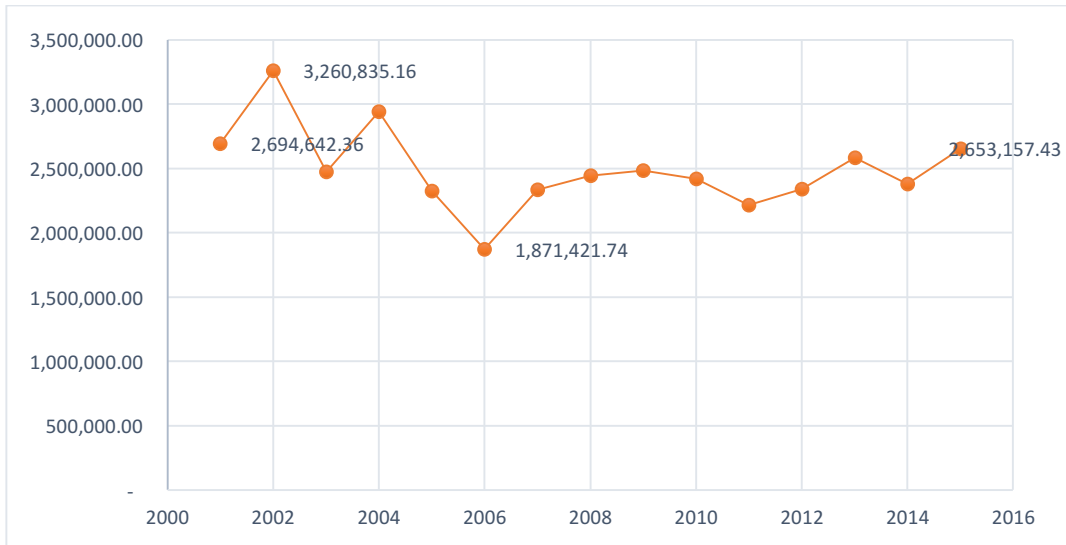


Figure 3.9. Education and training expenses(US\$) 2001 to 2015

Source: Taiwan ICDF annual reports 2001-2015

Based on the balance sheet reports, an approximate humanitarian assistance expense for the past 4 years has been in average US\$696,360 dollars. This is the category of aid that received the least amount (For more information please take a look at appendix A).

### 3.3 Taiwan ICDF in Central America

#### *Strategies 1998-2003*

The regional strategy for Central America during this period of time focused on the development of small and medium enterprises(SMEs) The aid provided was micro-credit loans to small farmers and conduction of seminars in the development of industrial strategies. In addition, technical cooperation was being provided for vegetable research projects. In an attempt to increase trade, CATO was established as a legal entity in Taiwan to increase trade and investment to Central America via fund of the ROC-Central American Economic Development Fund(CAEDF). In addition, two companies were created as the Latin America Development Company and the Overseas Investment and Development Corporation a joint cooperation of Taiwanese corporation and Taiwan ICDF for investment on Central America partner nations. From 2001, there was an increased attention in assisting with sales and marketing channels.

### *Strategies 2004-2009*

In 2007, the regional strategy was to help countries diversify the production crops, strengthen marketing functions and to create agricultural-export businesses. On top of that, it continued to focus on SME development by specialized microcredit projects to increase production. From 2007, Taiwan also started to include environmental protection into their strategies by establishing a long-term platform of dialogue between the Central American Commission for Environment and development and Taiwan's Environmental Protection Administration(EPA) to assist in monitoring the environment and energy related projects in the region to prevent and reduce pollution.

In 2008, the annual report for Latin American region included environmental protection and sustainable development, increase grain production and promotion of industrial diversification. As well as, continuous efforts to reduce the digital divide by upgrading ICT applications in schools and in government offices. Other strategies, included aid for trade by helping the agribusiness community and enhancing the private sector competitiveness by proving a modern financial environment.

### *Strategies 2010-2015*

Regional objectives for the Latin America region continued to be the development of industries and trade. As well as the development of agricultural-export businesses and small and medium enterprise. In addition to information and computer technology (ICT) projects, microfinance and private industry development. Taiwan ICDF increased the Technical and Vocational Education and Training (TVET) in an attempt to improve the country's capacity building, environmental protection and clean energy projects.

In 2013 annual report, Taiwan ICDF promoted natural disaster management, the use of renewable energy and agricultural land management. From 2013 onwards, Taiwan ICDF has included workshops in Spanish language in order to incorporate participants that are not able to understand English and opened mandarin centers in some partner nations. In 2015, the regional strategy continued to be to promote agricultural diversity, nurture talent, develop ICT and promote environmental protection. In agriculture, Taiwan ICDF specifically targeted the production chain, developed seeding technology and pest control and disease prevention. For education,

on the other hand, tried to develop technical and management level personnel.

The Director of Technical Cooperation shared with this researcher his department future strategy in Central America, “We will keep focusing in Taiwan’s competitive advantage: agriculture and ICT. In the future we will try to combine agriculture and ICT. We know that countries in Latin America have a lot of potential to upgrade their industry in comparison to other countries. We will try to combine the agriculture and ICT to increase their efficiency. We have the satellite in Taiwan, we use the satellite to enhance our ally countries decision-making capacity.” (Please see appendix I for full details).

In the case of the loan and investment department, the director stated their strategy will be to, “Follow the sustainable development goals and your countries (Central America) national development agenda.” (Please see appendix K for full details).

#### *ROC-CAEDF*

It is worth mentioning this specialized fund used for Central American projects. The ROC-CAEDF fund was created in 1998. In 1999, Taiwan ICDF claimed that it “has evolved into one of the Taiwan ICDF’s most important bodies”. Since its creation Taiwan ICDF was committed to contribute US\$20million annually for 12 years which accumulated was US\$240million by the year 2010.

This fund provided NT\$30 million for the establishment CATO as a legal entity in Taipei.

ROC-CAEDF constantly executes the following projects:

- Fund CATO operations.
- Fund Taiwan ICDF scholarships students in Taiwan.
- Central American Training seminars.
- Executive training seminars.
- Works with The Central American Fisheries and Aquaculture Organization [Organización del Sector Pesquero y Acuícola del Istmo Centroamericano] (OSPESCA) to strengthen their projects.
- Supports the Central American integration incentives.

In 2010, the ROC-CAEDF fund carried one very important and costly project, the construction of SICA offices in El Salvador.

## CHAPTER 4 GUAVA (FRUIT) AS A CASE STUDY

Guava, is a fruit native to tropical America, that has dispersed all over the world. There are many different varieties of guava. The criolla variety is native to Central America, pink inside, soft skin and full of sugars. This variety of guava is great for making jelly, juices and other derivatives. Another variety is called Thailand guava or Tai-guo-ban, a variety that was introduced to Central America by Taiwan's technical mission more than 30 years ago. However, it wasn't until the past 10 to 15 year the region has seen an increase in production and consumption of the Thailand guava, often called Taiwanese guava in the region. Thailand guava variety is bigger than criolla, white inside, weights around 400 or 800 grams each and is consumed fresh. Thailand guava can't be used for jams, juices or other derivatives due to its lower levels of sugars, Promoter of Foreign Commerce Costa Rica [Promotora de Comercio Exterior de Costa Rica](Procomer, 2007). Taiwan also introduced other two varieties of guava in Honduras which are called: La Perla y millennium (Romero, 2015). In El Salvador, 4 varieties were introduced and are all called Taiwanese guava but labelled as: type 1, type 2, type 3 and type 4 (CENTA, 2010).

Since the introduction of the Thailand guava variety in Central America, there has been benefits of the Thailand guava versus the criolla, that are as follows (Procomer, 2007):

- It has a higher potential for export.
- It can be produced throughout the whole year.
- It can be stored in refrigerated storages and transported along with other tropical fruits.
- Due to the above conditions, it can be shipped long distances as the European Union and the US.
- It's a high priced fruit around US\$1/lb.
- Good demand in US, Canada and Europe (MAG Costa Rica, 2014)

Taiwan, since 1997, has been carrying out vegetable research projects in Central America, the objective has been to “train specialist in the horticulture research and to perform experimental cultivation of crops” (Taiwan ICDF, 1998, p. 22). On most cases, technical assistance was not limited to vegetables but it soon expanded to fruit trees, as it was the case of Costa Rica, Honduras and El Salvador. From the year 2000 on, Taiwan broaden its assistance project to include production and marketing.

## 4.1 Background: Fruit Market Opportunities for Central America

The fruit market trade has seen an increase in the past years (Central America Economic Integration System [Sistema de Integración Económica Centroamericana] ((SIECA,2016). From figure 4.1, we can see that worldwide exports and imports of fruits have risen in the past 10 years. According to the Center of International Commerce [Centro de Comercio Internacional] (ITC) from 2005 to 2014 fruit exports have increased 8.8% annually in average(SIECA, 2016). From 2010-2014, the worldwide imports of fruit have risen in value 5.7% average annually and 4.5% average volume annually (Department of Agriculture and Livestock Honduras [Secretaría de Agricultura y Ganadería] ((SAG, 2015).

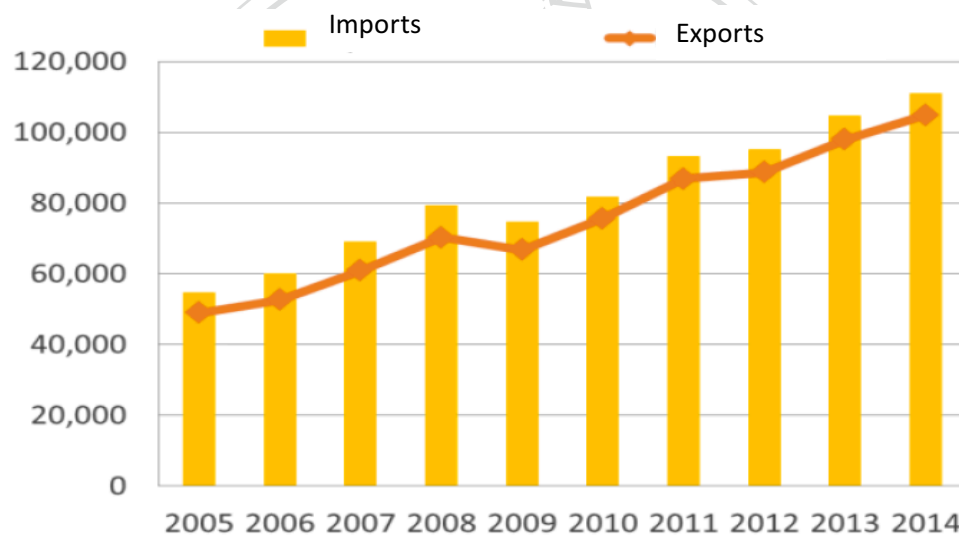


Figure 4.1. Value of fruit market in Millions USD

Source: SIECA (2016).

As claimed by SIECA (2016), the world has also seen a shift in consumption for healthier food and this includes fruit as it is considered a healthy alternative. This new consumption trends provides opportunities for Central America, some reasons are:

- 1) Free Trade Agreements with the United States and the European Union that provide preferential treatment to Central America original fruits as well as commercial security.
- 2) A better export organization with the help and support of the public institutions to promote commerce and export.
- 3) Perfect climate conditions to produce original exotic fruits.

- 4) Increasing foreign and regional investment in the fruit market.
- 5) Immigrants demands for their local fruits in the United States.

## **4.2 Costa Rica**

### *Description of Taiwan ICDF Project*

The Guava fruit was introduced to Costa Rica in 1978 by Taiwan's technical mission in the plantation of the National Institute of Learning [Instituto Nacional de Aprendizaje] (INA), La Uruca, San Jose. (MAG Costa Rica, 2014).

The first horticultural project was carried out in 1993 in Paquera located in the Nicoya peninsula (Please take a look at figure 4.2 location 1). Paquera was the first farmer's association producing Taiwanese Guava that was established in Costa Rica. Later, another project was carried out in 1998 in Cajeral and Jicaral, also located in the Nicoya Peninsula (Figure 4.2 location 2). Just as in Paquera, farmer's associations were established in each community, Jicaral and Cajeral, respectively. After seeing the creation of two new associations in the year 2000, Taiwan in cooperation with the Ministry of Agriculture and Livestock in Costa Rica (MAG Costa Rica) decided to send an expert to Cañas, Costa Rica, to develop a facility for seedlings development and train the 5 guava farmers' associations (The other two associations are unknown to this research). The first variety of Guava that was promoted by Taiwan's technical mission was Thailand guava or Tai-guo-ban (Taiwan ICDF, 2002b).

According to Taiwan ICDF (2002b), in order to avoid overproduction of Thailand guava, Taiwan limited the number of farmers that could be part of the guava project. Limiting the number of farmers of guava, helped keep the price stable and allowed the producers to earn a stable income. In Paquera, Taiwan's technical mission with help of the local government selected 23 local families and gave each 300 seedlings, which in total were 6,900 trees. The market price for guava was US\$1.4/kilogram in 2002, which Taiwan labelled as a high priced fruit. Based on the number of trees and on the market price of guava, Taiwan's report suggested that each family could earn US\$200/weekly. Taiwan ICDF (2002b) concludes that this project improved the quality of life of Paquera's families and helped diminish unemployment. The guava project was well received by local producers and each time more and more families were interested in joining the project. Nonetheless, one suggestion was made in Taiwan ICDF of the necessity to clearly differentiate the imported guava from the

local guava, as there's was no clear distinction between one or the other. The recommendation was to use a sticker with the label TAIWAN or MISSION TAIWAN.

Taiwan ICDF (2003b), Taiwan deems the projects in Nicoya as successful and suggest that the locals take charge of the project. Taiwan's technical cooperation would take this project as a model and copy it elsewhere.

Another project related to Guava was the developed in Turrialba (Figure 4.2 location 3). Turrialba is the region in Costa Rica that produces 80% of the country's guava consumption (Taiwan ICDF, 2005), with an annual production of 1 million kilograms (Taiwan ICDF, 2002b). The farmers of the region were not making profit instead intermediaries were. Therefore, a pulp processing plant was created with a loan of Taiwan. Although this project also relates to guava, we will limit our research to the cases in which there was a transfer of guava expertise from Taiwan to Costa Rica as is the case to the Thailand guava.



Figure 4.2. Map of Taiwan ICDF guava project locations in Costa Rica

Source: Own elaboration. Please note that the area mark is only an approximation and not the exact place and extension of the project.

### General results

On table 1 is a list of the locations, number of farmers, numbers of plants and farmer's association related to each region by the year 2014. Three out of four locations are places where Taiwan's technical mission's projects were carried out. The number of associations that still produce guava are 3 (Procomer, 2007), this differs in number from the 5 that existed in 2000 (Taiwan ICDF, 2002b). Asociación de Fruticultores de Lepanto [Asociación de Fruticultores de Lepanto] (ASOFRUL), since 2004 changed

from producing and selling guava to mango (Interview with ASOFRUL, 2017) therefore in reality that will make only 2 associations producing and selling guava. Even 7 years after the relations were broken between Taiwan and Costa Rica, two communities Asociación de Productores de Canjel de Nicoya [Asociación de Productores de Canjel de Nicoya] (ASOCANJELITO) and Cooperativa de Productores de Guayaba Taiwanesa [Cooperativa de Productores de Guayaba Taiwanesa] (COOPEPROGUATA) still produced and were financially dependent on guava production. It must be noted that Taiwan's technical assistance never carried out a project in Alajuela, however they are the top producers of guava by number of plants of with 31,000 plants. Followed by Paquera, which is the first location of Taiwan's technical mission, the third is Nandayure specifically in Canjelito. Lastly, is the region of Jicaral in which only 5 farmers still produce 1900 trees of guava but they are no longer selling the guava through the association.

<b>Geographic Location</b>	<b>Number of farmers</b>	<b>Number of plants</b>	<b>Name of farmer's association (If applicable)</b>
<b>Canjelito, Nandayure</b>	15	3225	ASOCANJELITO (Asociación de Productores de Canjel de Nicoya)
<b>Alajuela</b>	9	31000	
<b>Jicaral</b>	5	1900	ASOFRUL (Asociación de Fruticultores de Lepanto)
<b>Paquera</b>	50	25000	PROGUATA( Asociación de Productores de Guayaba Taiwanesa)
<b>Total</b>	<b>79</b>	<b>61150</b>	

*Table 4.1 Producers and quantity of plants of Thailand Guava in Costa Rica*

*Source: MAG Costa Rica (2014) & Procomer (2007).*

In order to determine the exports of Guava, I have used the Central American System of Custom Classification [Sistema Arancelario Centroamericano] (SAC)



customs classification-0804.50.2011 and 0804.50.2021 which both include only guava. Unfortunately, this classification doesn't distinguish from "criolla" guava or the Taiwanese guava. The exports of Guava have also increased from the year 2005 until the year 2016. The average export for the past 3 years (2014 to 2016) is around 35,300kg per year. From 2005 until 2006, there was an increase of almost 1900%(Procomer, 2007) however the two following years 2007 and 2008 there was no export of Guava. From 2009 until 2013, there was a gradual increase of export almost every year with the exception of 2011. After 2013, exports of guava have more or less stabilize between 30,000 to 40,000 kg/year. Even though in general the volume of exports and value of export is not big, the impact it has on the individual families is significant.

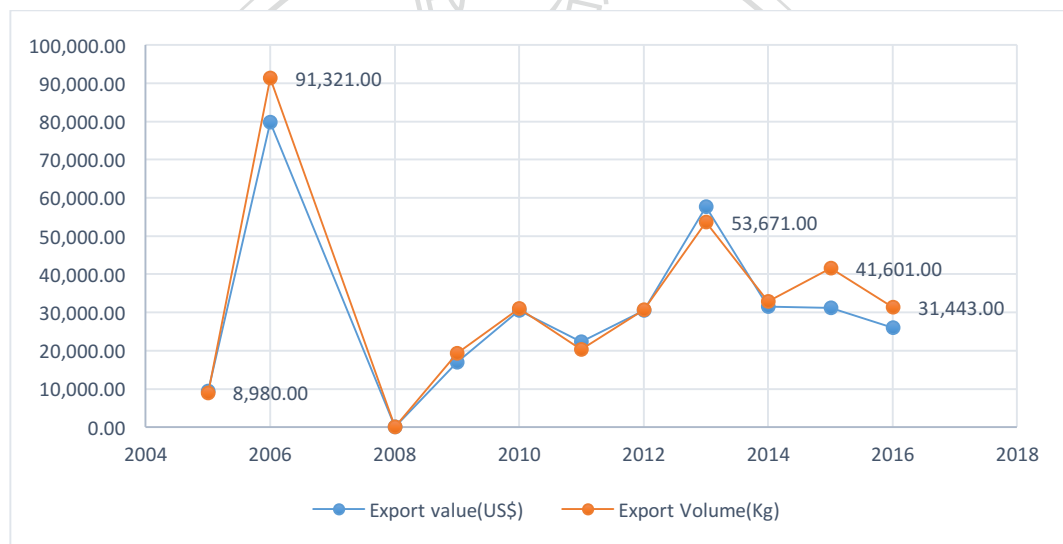


Figure 4.3. Costa Rica's exports of guava

Source: SIECA statistics

Taiwan's departure from Costa Rica left some of the agribusiness projects halfway. Some of the producers continued with the guava project, however other seemed to struggle after. According to Procomer (2007), the break of diplomatic ties between Taiwan and Costa Rica affected "at least 50% of the members' schedules and interests. However, there were others that wanted to continue" (p. 5). Below we will evaluate the situation of three associations that were part of Taiwan's initial Guava projects.

### *Location 1. Coopeproguata- Paquera*

Coopeproguata (also referred as Proguata) was established in October 1999. According to Castro (2000) “The cooperative was established in spite of the farmers lack of faith and incentive due to all the unaccomplished promises in the past”. The associates belong to the community of La Zoila, Dulce Nombre and Rio Grande and every family member participates in the production and harvesting of guava. Every Thursday they go to the collection center with the weekly harvest. Later, guava is selected, packed and shipped to be distributed to the local markets. Every week around 800 to 1,000 kilograms are transported to the Cenada, market in Heredia (Castro, 2000). Some of the initial problems experienced were that the demand for this new variety of guava was low but slowly started to increase (Castro, 2000). Seventeen years later, the weekly sales had increased to 11,000kg for national consumption and 1,400-1,500kg for export to Panama (Mora, 2014).

Coopeproguata is the biggest cooperative in Nicoya with 42 members (Guzman, 2014), 40 hectares (Castro, 2012; Mora, 2014) and its own collection center and commercialization activities. Initially 800 trees of Thailand guava variety were planted. It quickly grew to more than 7,000 trees and 17 producers by the year 2000 (Castro, 2000). In 2007, they formed a cooperative called COOPEPROGUATA R.L (Guzman, 2014). According to the person in charge of administration, “it wasn’t until they became a cooperative that they started to receive financial aid from National Instituto of Cooperative Promotion [Instituto Nacional de Fomento Cooperativo] (INFOCOOP), Rural Development Institute [Instituto de Desarrollo Rural] (INDER) and MAG” (Guzman, 2014). The general manager, Graciela Hernandez, confirmed that the economy of Proguata is very stable and that they make a profit of ₡20 million monthly (USD-\$35,500) which is later distributed among its members (Mora, 2014).

Coopeproguata success wasn’t achieved without any challenge. In 2012, coopeproguata was facing some difficulties such as: only being able to produce to the local market due to the lack of a fruit processing plant which did not allow the company to expand or exports its production. The profits made were just enough for the producers to cover its production costs and living expenses. Another problem was transportation since in between the collection center and some farmers there was a river. During the rainy season it was not possible for some farmers to deliver the crops. On a news report, the farmers had requested help to the Institute of Agricultural

Development [Instituto de Desarrollo Agrario] (IDA) (Castro, 2012). By the year 2014, the cooperative was already diversifying crops to papaya and mango. In addition, it was working in conjunction with INFOCOOP and National Center of Sciences and Technology for Food on the installation of a food processing and the donation terrain for the installation of the food processing plant.

According to Castro (2000) the project was a success in part because INA's involvement from production, training on pruning, plague control, fertilization and breeding. Guava allows a stable income throughout the whole year. The general manager of Proguata, states that their guava "product is better because the flavor is different. Our Taiwanese Guava is a product of higher quality since it was the start of the project of Costa Rica-Taiwan" (Mora, 2014). The cooperative is very important to the region because it does not only provides direct employment to 120 locals (Guzman, 2014) but it also provides indirect employment to the transportation sector, agricultural supply producers and others. One of the member states that the Taiwanese guava "brought economic welfare to the community, you can see it, we generate jobs and it's been an indispensable source of income for the whole community" (Mora, 2014).

#### *Location 2. Canjelito-Nandayure*

In 1995, INA bought a plantation for parceling it and giving 30 parcels of 4 hectares to locals (the terms under which it was given to them is unknown) (MAG Costa Rica, 2014). Before the introduction of Guava in Canjelito, local farmers in the community were only producing basic grains or would work in other's farms. However, in 2000, Guava was introduced to Canjelito as alternative source of income. The idea of the project was for the farmers to create a guava agribusiness. This initiative was carried out by MAG Nandayure in cooperation with Taiwan which did the research to find a niche market for the farmers, provided initial seedlings and helped the farmers obtain experience in the production of Guava (MAG Costa Rica, 2014). By 2014, asocanjelito had 25 members, 15 producers and 10 other members. These families depended on guava as a source of income. Aocanjelito provides employment approximately to 5 members of each family throughout the year, this totals 85 people with direct employment. Additionally, indirectly provides employment to intermediaries, transporters, distributors of equipment, agricultural supply producers or distributors and additional workforce (if required).

On a project carried out by MAG Costa Rica (2014) to increase the integration of agricultural supply chain's an analysis was done of asocanjelito. Unlike proguata, this association has faced more difficulties. According to MAG Costa Rica (2014) their supply chain is weak, there's slow growth due to its lack of technology and there's no commercialization strategy. There seems to be no transformation to an agribusiness. (MAG Costa Rica, 2014). This could be caused by the lack of integration between the members and on MAG Costa Rica (2014) report is recommended to integrate in order to solve problems and weaknesses that are faced by the association.

Asocanjelito sells most of its products during the summer specially during March and April. During the rainy season is harder to sell because of plague problems. In most cases, guava is sold through intermediaries who later take the products to local fairs to be sold to customers. In the occasions which asocanjelito directly assists fairs and just then, guava is sold through the association as cooperative of producers. Initially asocanjelito was selling to supermarket chain 'Unidos' but then guava producers in Alajuela offered better price and took asocanjelito's customer (MAG Costa Rica, 2014). MAG Costa Rica is currently working on increasing the training of the farmers and providing them with the necessary technology so that they can transform into agribusiness, as per the original plan.

### *Location 3. Jicarral*

Asofrul is another association that Taiwan provided technical cooperation during the 1990s. This association was founded in 1994 as mango producers. In 1998, Taiwan's technical mission in cooperation with MAG Costa Rica provided seedlings, fertilizers and training for one year. The project started with 7 producers and 566 trees. By 1999, there were 27 members with 3,627 trees. Guava was commercialized by the association until 2004 (For more details please refer to appendix E).

According to the association, the reason why they decided to stop commercializing guava was because there was an overproduction of guava, prices were dropping and it was not a sustainable business anymore. In addition, the quality started to decrease and other independent farmers were producing guava. After 2004, asofrul continued commercializing only mango but some members continued to grow guava and commercialized it independently from the association.

### 4.3 Honduras

#### *Description of Taiwan ICDF project*

A few years after the introduction of the Thailand guava to Costa Rica, it was introduced in Honduras in 1999 (Romero, 2015). Projects were carried out in two regions (please refer to figure 4.4). Location number 1 is in the central part of Honduras in the department of Comayagua and location 2 is in the eastern part of the country in the department of Olancho. Taiwan's project consisted of providing the farmers with the initial seedlings, agricultural supplies and technical assistance. In contrast to Costa Rica, in Honduras 3 varieties of guava are currently being planted: "la perla, la millennium and the Taiwanese" (Romero, 2015).

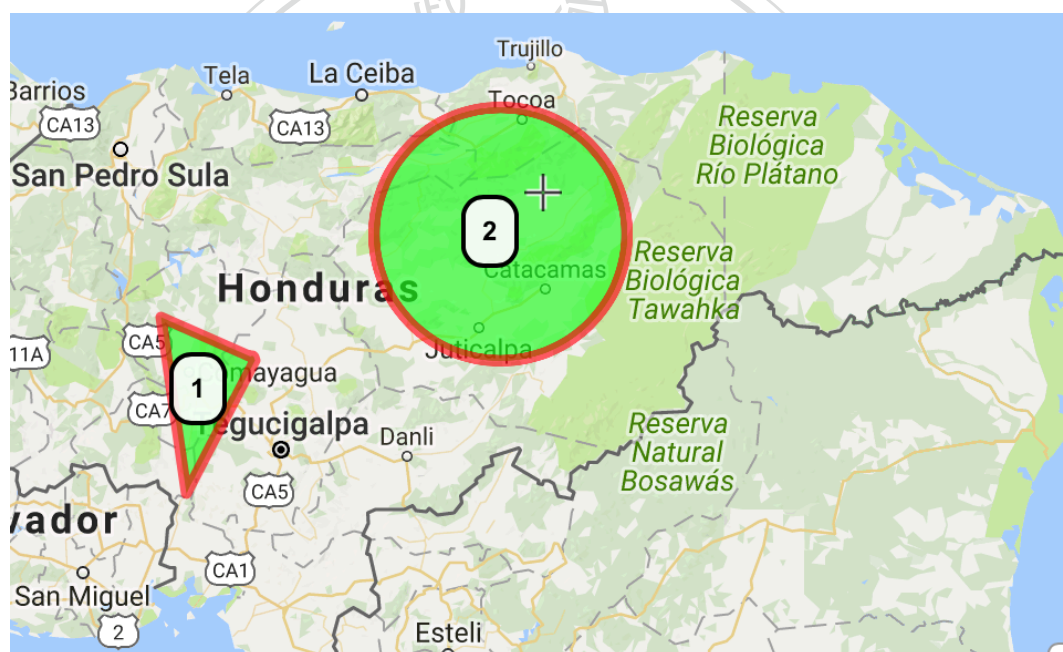


Figure 4.4. Map of Taiwan ICDF guava project locations in Honduras

Source: Own Elaboration. Please note that the area mark is only an approximation and not the exact place and extension of the project.

Taiwan helped create a farmers' association and on the last phase, the management of the association was handed down to the farmers (Romero, 2015). On Taiwan ICDF (2013b) it stated that Taiwan ICDF's objective for Honduras from 2005 until 2011 had been that farmers will form as a cooperative, train the farmers produce and market their own products and the last goal for the farmer association was to export guava to other countries. Taiwan ICDF established annual goals for the members of the cooperative and recorded the progress that was made. Some of those goals included:

accounting and financial management, sales plans, production plans and factory maintenance. Taiwan's final objective for both Comayagua and Olancho's cooperative was that they would become independent and a sustainable agribusiness (Taiwan ICDF, 2013b).

Despite, Taiwan's main objective that the organizations will become agribusiness, Taiwan's phases of development varied from one region to the other. In the case of Comayagua in 2011, the phases that Taiwan's technical mission had been through were: first, selecting the members of the organization; two, establishing a management and/ or sales team; third, for the organization to become a cooperative which it did in 2009; and the last phase to aid the cooperative to become an agribusiness that could export its products either to neighboring Central America countries or others. The Comayagua cooperative was so successful, that by the year 2010 sales were above US\$985,000 and by the year 2011 above US\$1 million and the monthly goal of keeping sales above US\$80,000 was also achieved. In 2011, the numbers of members were 79 and production was around 40,000lb/weekly. In Taiwan ICDF (2013b), it states that guava produced in Comayagua is mostly for national consumption but some exports have been made to El Salvador in 2009. However, that might not be sustainable in the long run as El Salvador is also producing guava. On the final report (2013b), Taiwan makes an observation that is important for future technical projects to take into consideration, the introduction of the same product in different countries of the region.

For the case of Olancho, the phases followed were: first, the selection of the members, second, training and workshops and third the establishment of a cooperation in 2009. By 2011, the numbers of farmers were 26 members. In comparison to Comayagua, Olancho is a smaller cooperative and its growth has been slower. By 2009, they were selling their products to nearby cities in Olancho.

Taiwan ICDF (2013b) report is conclusive, by claiming that the guava project has been successful as they have been able to open many sales channels. The Taiwanese guava was being sold in 96 local supermarkets and 4 restaurants, specifically in 64 branches of Walmart supermarket and when the quality was not good enough it was sold in traditional markets. Taiwan's technical mission hopes that guava will help open sales channels for other fruits and vegetables from Taiwan's technical assistance. Taiwan believes that the guava project will be sustainable as the farmers have already

invested their profits in transportation. (All the data above was obtained from Taiwan ICDF, 2013b).

In 2012, the construction of a processing factory would be ready in Comayagua. Taiwan didn't provide the capital to construct the processing factory but it trained the cooperation production planning and sales skills.

### *General Results*

Annual production of guava has seen an exponential increase in Honduras, it has gone from only producing 202,000lbs/annually in 2004 to producing more than 2,000,000lbs/annually in 2014. Data was gathered from Taiwan ICDF(2013b) and from newspaper La Prensa, Romero (2015). In a 10-year period guava experienced 890% increase in production.

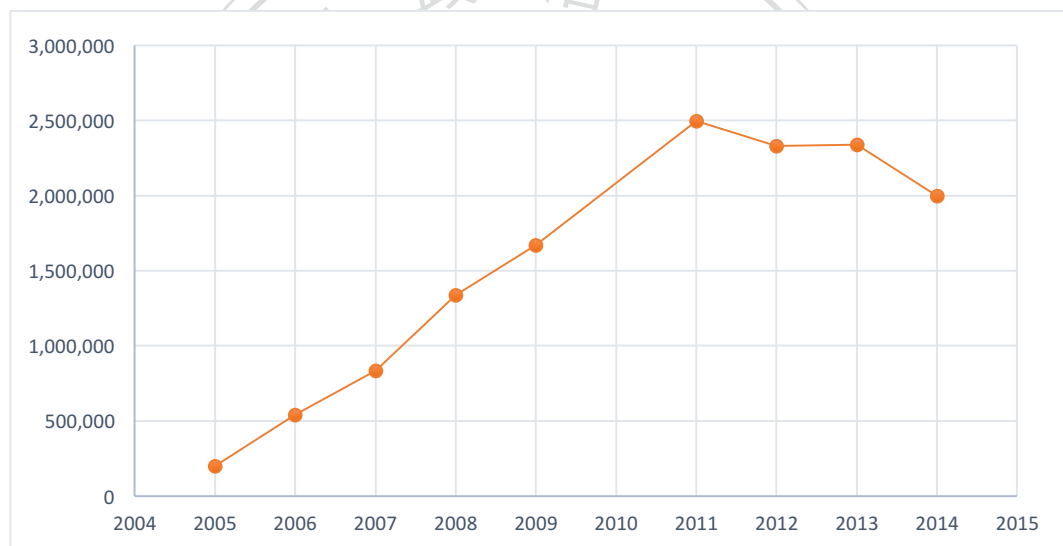


Figure 4.5. Honduras production of guava 2004-2015

Source: Taiwan ICDF(2013b) and Romero (2015). Own elaboration.

In order to determine the exports of Guava, we have use the Central American System of Custom Classification (SAC-Sistema Arancelario Centroamericano) customs classification-0804.50.20 and 0804.50.20, this includes guava and mangosteens. Unfortunately, no custom tariff classification was found that only includes guava. Exports of guava have seen an increase from 1999 but the behavior has been quite hectic. It doesn't follow a stable pattern, some years there are exports of around 30,000kg and others none. On the chart below, the exports for year 2007 were not included as there might be an error with that data since exports are larger than national production. (2007 export more than 1,000,000kg).

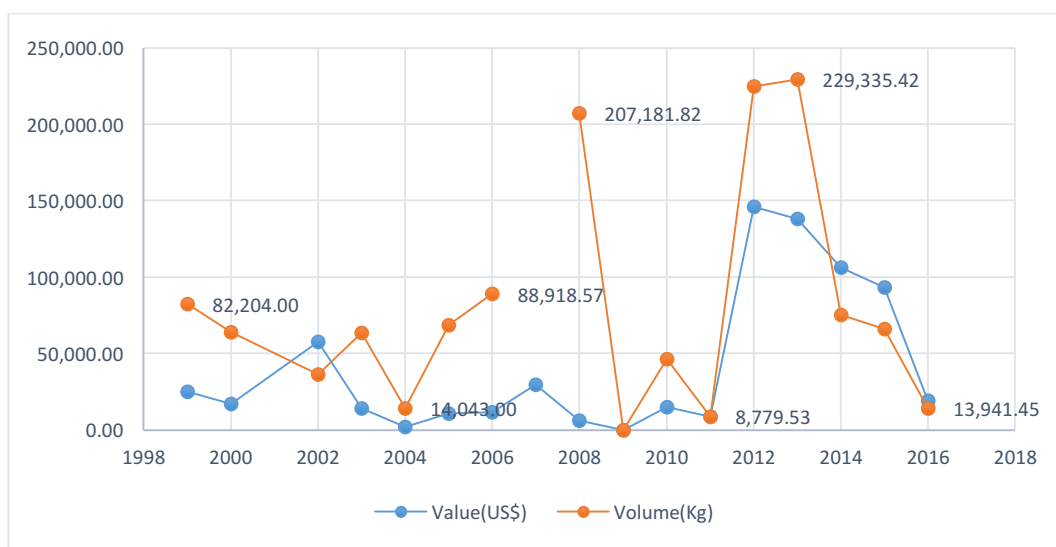


Figure 4.6. Honduras' exports of guava

Source: SIECA statistics

Both graphs above confirm Taiwan's report that guava has seen an increase in national production but the goal to export to neighboring countries still hasn't been achieved as some phytosanitary regulations have not been passed by Honduras. Guava production plants in Comayagua lack the technology to do so. (Taiwan ICDF, 2013b).

#### Location 1. Comayagua

Initially, Comayagua was formed only by 7 producers. By 2007, the associates had increased to 40 producers, then Taiwan started the initiative of creating the association of producers of guava in Comayagua. Taiwan grouped the producers and help them get access to local market, they open the sales channels with the biggest supermarket chains in the country and finally assisted them with the legal creation of the association. In 2017, there are 64 producers located throughout Comayagua with 100mz of guava production (please refer to appendix F for full interview with the general manager,). In 2011, the producers participated in another developmental project with Rural Competitiveness [Competitividad Rural] (Comrural) which provided the cooperative with a grant to build a collection and processing plant. The new center allowed the producers of Comayagua to collect, store, classify, process, package and ship the fresh fruit to the local supermarket such as La Colonia, Hortifruti-Walmart, La Antorcha and PriceSmart. The processing plant will allow the association to diversify its products to guava derivatives such as: jam and pre-cut guava (Comrural, 2015). The



goal of collection center is to allow the producers to reach the export requirements to other countries. (Diaz, 2014). The manager of the association, Hugo Varela, stated “the association assets have grown from L200,000 (around US\$8,695 [Exchange rate 23 USD/L]) to more than L5 million (aroundUS\$220,000), in part due to the support of the Comrural project” (Comrural, 2015). To the extent that the cooperative also bought its own delivery truck.

The Taiwanese guava provided employment to 600 families in Comayagua and generates L20 million annually (Approx. US\$870,000) (La tribuna, 2017). By 2014, around 30 shipments had been made to El Salvador. The price is around US\$8 to US\$10 for a box of 25 pounds of medium size. (Diaz, 2014). Before the project, farmers didn't have employment, later, the Taiwanese guava provided employment to 600 families in Comayagua. The cooperative objective has been to eliminate the intermediary in order to obtain a better price for the crop (Interview manager association, appendix F).

One problem the association encountered after Taiwan's technicians left, is the supply of suitable agricultural products that before were provided by Taiwan's technicians such as: the plastic bag that is used to cover the guava. No information was given to the association on where they should continue to purchase them. The general manager mentioned that the association is extremely grateful for Taiwan's technical assistance but suggested that the technicians be more in contact with the local farmers. He believes that Taiwan's is really respectful of negotiated terms with the government and since they negotiate government to government, their discussions and assistance is also done that way. However, inside the Ministry of Agriculture of Honduras, there's too much bureaucracy and the information or technology is not passed down to local farmers (Interview Comayagua, 2017).

#### **4.4 El Salvador**

The situation of Guava is very different in El Salvador than in Costa Rica and Honduras. No guava cooperatives were formed but instead the technical mission was carried out through an institute called Center of Agricultural and Forestry Technology [Centro de Tecnologia Agropecuaria y Forestal] (CENTA) and they were in charge of transferring the seedlings and training to the local farmers.

### *Description of Taiwan ICDF project*

Little information is known on the guava project in El Salvador. No information is available on the exact locations that the projects were carried out as neither Taiwan ICDF, CENTA or MAG wanted to disclose or provide this information. However, since the year 2002, Taiwan has been training CENTA specialists on the performance of seedling evaluation and propagation. That same year, Taiwan established a seedling propagation area in CENTA facilities, improved the cultivation of guava and provided training to technicians for the Department of Agriculture and Livestock in El Salvador (MAG El Salvador)(Taiwan ICDF, 2002,p.123). From an interview carried out with the person in-charge of CENTA in Nueva Concepcion, he claimed that in 2002 and 2003 Taiwan's technical mission had a project in the region which constituted of promotion and demonstration in small parcels of the production of guava. Only a few farmers, that believed the project was sustainable, joined and then through CENTA and Taiwan's technical mission started to provide training and consulting in the technical and production of guava. From only 1 mz. of guava in 2002 Nueva Concepcion's production has expanded to 140mz.

In 2008, Taiwan developed a multicenter Las Doscientas in CENTA's facilities, the main objective was to be a model of operation for local farmers. This center provides training to CENTA's employees which would later transfer that knowledge to locals' farmers. In addition, the multicenter provides farmers with planting assistance, produce high quality seedlings at a lower price than local market (Noticias de Taiwan, 2015), produce organic compost and provide field demonstrations. (Taiwan ICDF, n.d1). In March, 2009 CENTA in cooperation with Taiwan's technical mission inaugurated a horticultural center. The center cultivates many different types of Taiwanese fruits and local fruits: Taiwanese guava, wax apple, dragon fruit, yellow watermelon, papaya, passion fruit, etc. This represents new alternatives for local farmers (El Pais, 2014).

From 2008 to 2010, Taiwan ICDF projects in El Salvador changed from only being a seedling model plant to providing farmers with sales training, providing loans, seedlings and technical assistance. During the year 2008 to 2012, Taiwan in Multicenter Las Doscientas completed the construction of educational classroom, built a seedling and greenhouse center, fertilizing centers and package centers. From 2011 to 2013, Taiwan's assistance focused on improving the center IT system and training the co-

technicians. In 2013, the multicenter was given back to the local government for its continuation. (Taiwan ICDF, n.d1).

Some of the observations made in Taiwan ICDF (n.d.1) about the general farmers' situation in El Salvador, was that the lack land ownership and the necessity to lease or work on someone's land, the high price of transportation and agricultural supplies in the country, the bad state of land which would require substantial amount of fertilizers to be fertile. In a second report, Taiwan mentioned another problem was that farmers didn't leave close to each other which makes it hard to establish cooperatives or organization (Taiwan ICDF, n.d.2).

### *General Results*

Production of guava has increased in El Salvador (Please refer to Table 4.2). All production of guava is consumed nationally. The largest supermarket, Super Selectos currently buys all its guava locally. This has led to a decrease of imports from neighboring countries and no export of guava exists in El Salvador at the moment, as per SIECA statistics records.

<b>Year</b>	<b>Production Area (Mz.)</b>	<b>Production (QQ.)</b>
<b>2015</b>	360	72,559
<b>2016</b>	384	135,149

*Table 4.2. Production of guava in El Salvador 2015-2016*

*Source: MAG El Salvador (2015, 2016)*

In order to determine the imports of Guava, we have use the SAC customs classification-0804.50.20 and 0804.50.20, this includes guava and mangosteens. Unfortunately, no custom tariff classification was found that only include guava. (Please refer to figure 4.7). We can see that from year 2011 imports of guava were increasing reaching its peak in 2013 for 188,181kgs. Following that year, guava imports have decreased to 476.3Kg in 2016.

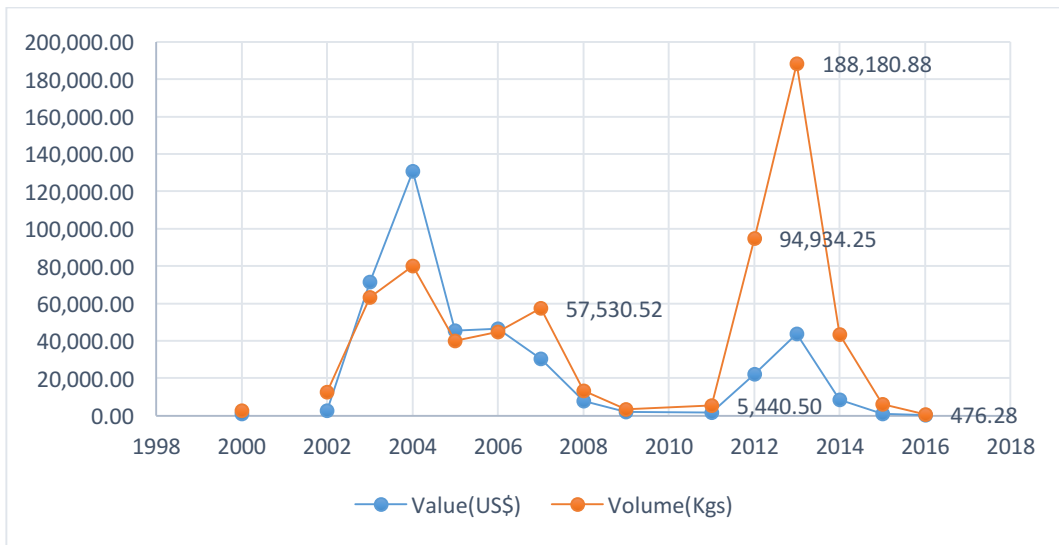


Figure 4.7. El Salvador's imports of guava

Source: SIECA statistics

Unlike Honduras and Costa Rica, El Salvador did not see the creation of any guava farmers' cooperative, at least that is selling its products in the largest supermarket chain in El Salvador and that it is known to the researcher. Nueva Concepcion, Chalatenango has 37% of guava production land in El Salvador (Produces 140 mz. out of 384 mz. at national level). Currently, there are 32 producers in that region with 90mz producing guava and 140 mz planted. Nueva Concepcion produces 25,000lb/mz/year which is an approximate production of 2,250,000lb/ year. The farmers in this area are grouped into a larger association that produces rice, guava, pasture for livestock and tilapia. There are plans by MAG El Salvador to establish a collection center for this association but the estimated date is unknown. The person in charge of CENTA Nueva Concepcion, who is also a guava producer claimed that the biggest problem they have is that they are not grouped as a cooperative. Instead, each of the farmers individually sells their crops. Intermediaries go pick up the crop to the plantations, they pay at the moment and they take it to the traditional market in San Salvador and La Tiendona to be sold. He claimed that no training has ever been received in the commercialization aspect of guava only on the production. He also stated that "It was due to Taiwan's technical mission and CENTA that we have guava, we were the pioneers at national level to produce the guava. Some other fruits were also introduced as the wax apple and jujube and due to the lack of marketing, wax apple and jujube haven't been so

successful in the market.” This definitely differs from the projects in Honduras and Costa in which a group of farmers was only introduced one fruit.

It is unknown how technical assistance is provided to farmers through CENTA. CENTA is an autonomous institution, whose primary purpose is to increase the production and productivity of the agricultural sector and forestry through the generation and transfer of technology to the small and medium producers in the country. By 1997, this institution had 78 branches throughout the national territory and it was the only agricultural institution that was across the country (IICA, 1997). In spite of CENTA’s main objective and quantity of branches, in a National Committee of Family Agriculture [Comité Nacional de Agricultura Familiar] (CNAF) (2015) report declared that one of the problems farmers had faced before 2009 was that only 8% had ever and if they received training 70% was from any of three institutions in El Salvador: MAG El Salvador, CENTA and Institute for Agricultural Transformation [Instituto Salvadoreño de Transformacion Agraria] (ISTA). The farmers that received training had higher production than those that never received any training.

More research is required in the case of El Salvador to determine where and how the technical assistance was provided and what are the current results of those regions.

## CHAPTER 5 ANALYSIS ON TAIWAN'S AID IN

### CENTRAL AMERICA

This section focuses on the analysis of Taiwan's aid in the Central American region. It has been divided into three sub-sections: the first one, includes main findings from the research, the second section, is the discussion of the findings and finally, an evaluation of the research and limitations. (For the detailed information on the interviews carried out please refer to the appendix).

#### 5.1 Findings

##### *Spanish-speaking scholar's viewpoint*

Scholars claimed some of the main reasons why Central America nations still recognized Taiwan are: 1) friends since the cold war with a common ideology, 2) creation of personal relations between Taiwan's embassy officials and local politicians combined with invitations from Taiwan to local politicians to visit Formosa. Taiwan provides those nations with a special treatment they wouldn't receive elsewhere 3) Development cooperation is the most important and crucial reason, 4) commerce and investment activities and 5) Taiwan's assistance in the regional integration process. Taiwan is an active participant in the process. One Spaniard author claimed that Taiwan's development cooperation is the reason for Central American nations to favor recognizing Taiwan, while more developed nations will favor China for its market opportunities.

The debate on China's appeal in Central America differs greatly between Costa Rican author and non-Costa Rican authors. Central America and Spaniards authors believed that there's not much benefit for Central America in switching to China, while Costa Rican author believed that other Central American nations haven't seen the potential, market and investment opportunities the giant offers to the region.

As per the recipient's perspective, aid is classified in a very different way from the donors. Central American nations categorize Taiwan's aid as: refundable and non-refundable. Moreover, Taiwan's aid is well received in Central America, even if the quantity is not big as other donors.

### *Taiwan's Aid*

Since 2013 to 2015, Taiwan's Official Development Assistance was around US\$270million per year. Taiwan's ODA was at the highest amount (according to data available in this research) in 2008 with US\$430 million. From 2002 to 2008, there was a 51% increase of foreign aid from US\$285 million to US\$430million. This number went down by 40% during President Ma term to US\$278 in 2015. The sector that received the most of Taiwan's foreign aid from 2009-2015 is *social infrastructure and services* it received on average 44% of total aid. This includes assistance in the following sectors: education, government and civil society, health and medical, water supply and sanitation. The second sector is *economic infrastructure and services* with an average of 19%, followed by *others* with a 17% and last *production* with a 17% of Taiwan's total ODA.

Taiwan ICDF general strategies have greatly changed since its establishment. In 1998, the strategy was to solve the poverty problem in developing nations but by 2014 the strategy had changed to following the international development trends based on Taiwan's competitive advantage. Taiwan ICDF aid elements have broaden from only lending and investment and technical cooperation to humanitarian and education. The industries and sectors it provided assistance also increased from agriculture and fisheries to marketing, IT sector, environmental protection, sustainable development and access to Taiwan's satellite imaging. It also shifted from only being bilateral and multilateral to involving private Taiwanese companies and Non-governmental Organizations (NGOs). Latin America (including the Caribbean) since 1998 have been the region that received most of technical cooperation expenditure and an approximate total average expense for the past 5 years was US\$2.114million. From 1998 to 2003 the most expenditure of commissioned missions by MOFA went to Africa (40% of total commissioned projects). However, the situation had changed by 2010 the most expenditure went to Latin America and the Caribbean (47% of total commissioned projects expenditure). An approximate of the total commissioned projects by MOFA for the past 5 years was US\$36million in average.

As Taiwan's aid elements and sectors have broadened, they've also done so in the Central America. At the beginning, Taiwan ICDF strategy in Central America was the development of small and medium enterprise and vegetable research activities. Later, Taiwan's strategies started to increase in scope from not only focusing on the

production part but expanding into the creation of agribusiness. Central America target sectors also expanded to environment protection, ICT and satellite imaging. Taiwan started providing scholarship to Central America since 2001 and has continued to do so for the past 16 years. In 2013, mandarin centers were opened in allied countries to expand the cultural interaction between Central America and Taiwan. The last few years, Taiwan has aided Central American nations with pest control. Since 1998, funds have been created to promote investment in Central America. One of those is ROC-CAEDF established in 1998, in which Taiwan committed itself to provide US\$20million annually over a 12-year period. This fund was in charge of funding the CATO operations and providing Taiwan ICDF scholarships for Central American students, among other activities. This fund was also used to finance the construction of the SICA building in San Salvador.

#### *Case Study-Guava*

Taiwan started providing technical assistance of guava production first to Costa Rica and later to Honduras and El Salvador. The technical assistance provided was seedling, trainings and agricultural supplies. In some countries, Taiwan grouped the farmers, helped them establish an association and also, provided support for the legal creation of the association. In the case of Honduras, Taiwan helped open up the sales channels to the largest supermarkets in the country. In Costa Rica, the most successful case has been Proguata. Proguata, even 10 years after Taiwan broke diplomatic relations with Costa Rica, continued to produce and depend on Taiwanese guava as a source of income. Another association in Costa Rica that still depends on guava as source of income is asocanjelito, however, its facing problems with the commercialization of the fruit. A third association in Costa Rica, asofrul since 2004 changed from commercializing guava to mango. The reason for changing was the oversaturation of guava in the market and business became unsustainable for them. Two other associations in Costa Rica that were created during the time Taiwan ICDF was providing technical assistance might no longer exist as they are not included on MAG Costa Rica report (2014) of Guava production.

In Honduras, the most successful case has been in Comayagua in which 64 producers depend solely on guava as a source of income and the association has made use of the profits to increase its assets by investing on their own delivery truck. Comayagua is selling in the largest supermarkets in Honduras. However, for the second



region that received Taiwan ICDF technical assistance, Olancho, no information is available.

The two successful cases (Comayagua and Proguata) have at some point exported their products to regional markets. Both, after receiving Taiwan's assistance, continued to participate on development assistance projects with their local government. Both continued trying to expand their selling channels and diversifying their products. Proguata is diversifying to producing papaya and Comayagua is expanding to guava derivate such as: pre-cut guava and guava jam.

For the case of guava in El Salvador, production of guava has seen an increase in the last two years. However, contrast to Costa Rica and Honduras, no successful association was established. The farmers in Nueva Concepcion, Chalatenango claimed they never received any support for establishing a guava producing association or in commercialization activities. Each farmer works independently, selling to intermediaries who later sell to traditional markets or to the largest supermarket chain in El Salvador. Farmers in Nueva Concepcion were also introduced to other fruits such as: wax apple and jujube. This differs from the projects in Honduras and Costa Rica in which a group of farmers was only introduced one fruit. In a report from CNAF, in a study carried out only 8% of farmers in a sample had received any training from government institutions before 2009.

During the research, we were able to talk with two associations, one in which the project was not successful and the other one, in which it was. Asofrul in Costa Rica claimed that they stopped commercializing guava due to the over saturation of in the market, it was no longer profitable for the association. Comayagua association, on the other hand, is extremely grateful for Taiwan's technical assistance but they made the suggestion that Taiwan's technicians should be more accessible or more in contact with the farmers.

### *Interviews*

Most interviewees concur on the importance of aid recipient's government. Ambassador of Guatemala claimed that "each country has to look for its own development" and that Guatemala and Taiwan relations are not only about development but a bilateral relation that includes many more aspects. The representative of El Salvador 's embassy agreed with ambassador of Guatemala in that when carrying out a cooperation project Taiwan ICDF-El Salvador, it should be El Salvador the one who

establishes its own high and perhaps unachievable goals. It is not Taiwan ICDF responsibility to replicate the project but the recipient. Dr. Kung mentioned how in many of Taiwan's allies the total budget that is negotiated every presidential term government to government is never fully used.

Taiwan ICDF director of technical cooperation shared his experience in what is the difference between a successful project or as he labelled satisfactory project versus a non-successful project or needs improvement project. That is the level of involvement of aid recipient's government. If there is high involvement during project execution, when the project is passed on they are able to sustain it. On the other hand, if there is less involvement, in the long term they are unable to sustain it.

Dr. Kung, director of Latin America studies in Tamkang University, mentioned that Taiwan ICDF in the past few years has become more efficient in the usage of limited resources. Before that Taiwan ICDF would provide technical cooperation without a clear objective or deadline. Now projects have a deadline of 3 or 6 years and after that the cooperation is over. The number of technicians have also changed to only two per projects, before there would be 20 technicians for several projects. Dr. Kung claims that in spite of being more efficient, the part of being more in contact with the citizens of that nation has been lost as technicians only go there for 2 or 3 years to do their work and then leave. The embassy of El Salvador claims that Taiwan ICDF changed in the past years by putting a deadline to projects and is a very efficient institution as it "makes use very effectively of limited resources".

Taiwan ICDF loan and investment director instead commented that one of the difficulties for that department is the internal political situation of a country. As getting the approval for a loan requires an agreement in the congress and in a polarized political environment is difficult to obtain an agreement. Technical Cooperation Director agreed on this problem as when projects are being carried out and there's a change in the ruling political party, the national development goals also change and Taiwan ICDF projects must be renegotiated. The embassy in El Salvador would agree to this statement as the high rotation level within the government leads to skills that have been learned to be lost and have to be retaught. In sum, as the Loan and Investment Director shared from her vast years of experience in Taiwan ICDF the importance of having a good governance to establish successful project.

## 5.2 Discussion

The main objective of this research was to determine whether Taiwan's foreign aid was effective in Central America. In order to do so, it was necessary to evaluate different viewpoints of Taiwan's foreign aid in Central America. It started with views from the international community. This was followed by Spanish language scholarship, which confirmed the importance of Taiwan's development cooperation for the Central American region. Central American nations (not including Costa Rica) continue to recognize Taiwan because of its development cooperation and not because the amount of aid provided. Except for one Costa Rican author, scholars say they believe Central America's best option is to continue recognizing Taiwan because there's no clear idea of how the region would benefit from recognizing China. It would be a great loss for Central America to give up so many years of development cooperation, building commercial relations and Taiwan's participation and assistance in the regional integration process. Taiwan's aid is well received in Central America. This was confirmed by the manager of the Comayagua Association and an employee at CENTA and a local guava grower in El Salvador. In interviews they expressed gratitude for Taiwan's technical assistance. In addition, embassy staff interviewed for this paper mentioned the importance of Taiwan's relations to their government.

Taiwan's aid in comparison to DAC countries is small. In 2015 ODA was US\$277.91 millions and an approximate of Taiwan ICDF expenditure (excluding investment and lending) was US\$42.5 million, representing 15% of Taiwan's total ODA (note that the percentage will be higher when including investment and lending). This confirms the statement of the Taiwan ICDF deputy secretary that Taiwan ICDF receives around 10% to 15% of Taiwan's foreign aid. During 2002 to 2008 there was a 51% increase in ODA and this contradicts Chen & Erikson (2007) who claimed that during Chen administration the total amount of foreign aid decreased and for this reason diplomatic allies were lost. From 2008 to 2015 there was a 40% decrease in foreign aid expenditure which might be an indication that the fierce diplomatic fight between Taiwan and China was actually over as claimed by Huang (2016) and Staillings (2017). The sector that received most of Taiwan's foreign aid was *social Infrastructure and services* with *agriculture* in third place. This confirms Taiwan ICDF operations prioritize focusing on development of the areas in which they have competitive

advantages such as: agriculture, public health, education, information and technology. This fact was also confirmed by Taiwan ICDF technical cooperation director and representative of El Salvador's embassy, who both said a project is executed only if Taiwan can make use of its competitive advantage.

Central America is an important region to Taiwan ICDF and most of its foreign aid goes to the region. Taiwan ICDF strategies in Central America have expanded to many different sectors such as IT and satellite imaging. This is a great opportunity for Central America as it lags behind in Internet access and technological progress. The technical cooperation director mentioned that ICT is his department's future strategy in Central America. This is a great opportunity to the region to learn as much as possible. Also, the region doesn't have its own satellite thus having Taiwan's assistance offers a clear advantage to the region. It will help to lessen the region's over dependence on the United States. An advantage for Taiwan is that changing its strategy from reducing poverty to following international community development goals allows it to work through CABI in cooperation with other nations that share the same objectives.

Technical cooperation is one of the most important aspects of Taiwan's foreign aid and it is for this reason that guava was chosen as a case study. In addition, the fruit market is a great opportunity for Central America; it has seen an increase in exports and imports in the past few years. The Taiwanese guava is a fruit that is relatively new in the Central American region. Taiwan ICDF's guava project successfully established two cooperatives: one in Costa Rica called Proguata and one in Honduras located in Comayagua. Both associations have continued participating in development assistance projects with their local government. This would confirm the Taiwan ICDF technical cooperation director's statement that a successful project is one in which there's a high level of involvement by government institutions that can later take over the project.

Both associations are or have at some point exported their products to regional markets. They also continue trying to expand their sales channels and diversifying their products. The members of the association depend on guava as a source of income and their quality of life has risen because of this project. These facts contradict Moyo's (2009) claim that development assistance slows down growth and hinders it and Easterly's (2003) claim that aid as it has been currently given by aid agencies has not helped at all. However, even within the same country there are differences. Let's take Costa Rica as an example -- the rest of cooperative established were not able to take off

on its own. In the case of ASOCANJELITO one observation made by MAG Costa Rica was that the farmers would sell most of the product independently and only when visiting a fair would they sell as an association. There is a lack of integration among the members. Also, commercialization strategies are not present within the association. In the case of ASOFRUL, they claimed there was an overproduction of guava in the country and it was no longer sustainable to continue growing it. Further study will be required to determine the specific issues in each country.

Guava was introduced to El Salvador at around the same time as Honduras. For some unknown reason in this country no guava producing association was formed. Independent farmers are selling guava through intermediaries, leading to them getting a much lower price than intermediaries can get. A CENTA employee and farmer said that at the beginning only a few guava producers joined the project and when asked about Taiwan ICDF technical cooperation in this project in El Salvador, he said that market share is a big problem for a small country such as El Salvador. More research is required to confirm El Salvador's guava production situation and to establish the differences in the assistance received between El Salvador, Honduras and Costa Rica and the difference in the government's involvement. Time restrictions meant this study could not cover this.

One interesting difference between El Salvador and Canjelito, Costa Rica stands out – that is land ownership. In Costa Rica the Institute of Agricultural Development (IDA) in 1995 bought a plantation and proceeded to parcel out the land. Later, in 2000 the local government carried out guava project with the objective of providing a different source of income to the farmers in that area (MAG Costa Rica, 2014). This contrasts with the lack of ownership for most farmers in El Salvador and the difficulty they face in forming associations due to the distance between one farmer and the other. This problem would relate more to the country's policies than to Taiwan's foreign aid as more or less the same type of assistance was provided in those three nations. This would actually confirm Collier & Dollar (2001) who said that aid leads to growth and poverty reduction under certain conditions such as good institutions. This statement was also continuously mentioned by all interviewees in the importance of good governance and the government's responsibility to improve living standards in the country.

### 5.3 Evaluation

This paper was able to answer how Taiwan's aid to Central America is viewed from different perspectives. However, arguments could be made that more interviews and additional information on the case study will be required in order to conclude if Taiwan aid is effective or not. Many limitations were encountered during the research: for the case study it was not possible to arrange interviews with all the associations that received Taiwan's technical assistance because emails went unanswered and listed phone numbers did not work. This limited the information to determine why Taiwan's aid had been so successful in some associations and in others it didn't achieve the expected results. Little data on guava projects was available online from El Salvador and because of time constraints only one phone interview was carried out. In Taiwan, five face to face interviews were carried out but more would have been required to get more accurate findings from embassies, Taiwan ICDF officials and Taiwanese scholars. No interview was carried out with MOFA, the institution that manages all of Taiwan's aid and assigns part of it to different institutions.

Limitations during the data gathering process were also encountered. First, in the translations of interviews, documents and articles. Even if the researcher is a Spanish native speaker and fluent in English, some elements might have been lost in translation. There is extremely limited availability of data on Taiwan's foreign aid and thus this research could not provide a complete picture. Some assumptions were made on the approximate number of Taiwan ICDF aid categories' expenses, with the exception of lending and investment amounts that couldn't be determined as they are not expenses and they have to be repaid.

## CHAPTER 6 CONCLUSION

“Dollar diplomacy” has for many years overshadowed the effectiveness of Taiwan’s foreign aid. Many scholars have equated Taiwan’s foreign aid to be simply foreign policy. The relationship between the two cannot be denied. However, it’s important to note that Taiwan’s foreign aid is delivered to a recipient country through different mechanisms -- one of these is via Taiwan’s International Cooperation and Development Fund. This institution manages around 15% of Taiwan’s ODA budget, it is annually audited by an external accounting firm and publishes its financial reports. This institution also gave this researcher access to certain documents on its foreign aid projects and the results in Central America and the researchers was able to interview Taiwan ICDF officials about Taiwan’s foreign aid in Central America.

This research has provided strong evidence that Taiwan ICDF development assistance has carried out successful projects in Central America such as Taiwanese guava. Even though the results for all the farmers was not the same, at least groups of people from impoverished Central American nations have been able to benefit from guava as a source of income. That can only be considered as success, as their quality of life has increased and they have the freedom to make use of their profits in the way they like. The guava project had specific objectives, this also proves Easterly’s (2003) claim that aid agencies are more successful when they “focus on narrow, solvable problems” (p.204).

Taiwan ICDF development assistance is considered an essential part of Taiwan’s foreign aid in Central American nations and is well-received by governments and by local citizens. This is a strength and at the same time an opportunity for Taiwan. They should make use of this opportunity to work more closely with farmers, the final recipients of foreign aid. As it was stated by both embassies (El Salvador and Guatemala) it’s not Taiwan’s responsibility to get Central America out of under development. The problems with lack of good governance is Central America’s problem. However, it would highly increase a development institution’s own learning to know more about the projects they carried out, the impact they have on farmers and the reasons why they were sustainable or not. Even in the same country there have been differences, some of which were caused by other factors other than the government. This of course would need to be confirmed in further studies. On top of that, Taiwan

needs to become more transparent with its foreign aid as citizens of Central American nations have become wary of corruption.

Further research is suggested to determine how government policies affect foreign assistance projects. This can be done by using the same technical assistance provided to different countries that generates different results, as in the case of Taiwan's guava. It would be interesting to compare government policies of Costa Rica and Honduras with that of El Salvador's in technical assistance for guava cultivation. This could confirm if the difference between government policies was one of the causes for guava in El Salvador not to develop into a cooperative. Or was it the farmer's lack of trust to form an association? It would also be beneficial to study why projects are successful in one part of the country and fail in other. For example, why was coopeproguata successful and not asocanjelito or why the Comayagua association has been successful and the Olancho less so. Last but not least, how can Taiwan ICDF improve its projects and stay more in contact with locals without putting the relationship between local governments and Taiwan at risk?

This paper has given the researcher a great hands-on opportunity to see how academic theories in development assistance relate to real life projects. Development assistance can have a big impact on people and this effect can be positive and negative (or neutral). Even if aid is given for free, it should be the responsibility of both the donor and the recipient to see that the impact it has is either good or neutral to low-income aid beneficiaries. Efforts should be made to prevent any negative effect, such as the possibility of beneficiaries seeing a project they invest in fail and since they borrowed the money to undertake the project, they end up worse off.



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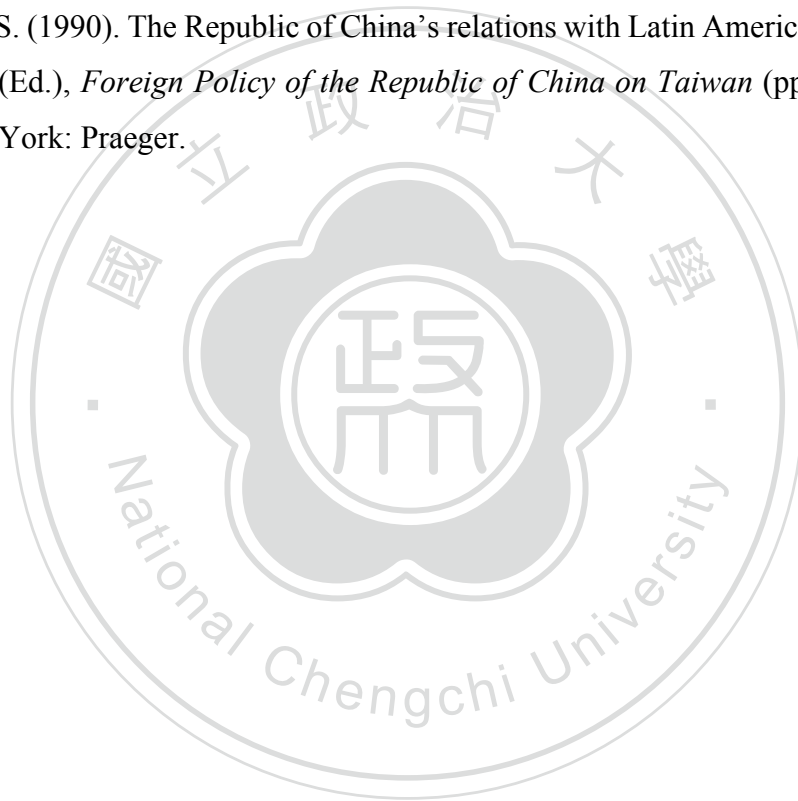
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## APPENDIX

### Appendix A. Data on Taiwan ICDF Expenditure and Distribution of Expenditure 1998-2015

Table A.1. Agglomerated Expenditure data in NTD 1998-2015 and Exchange rate

Year	Category	Annual Expense(NT\$)	Exchange Rate
1999	Technical mission	1,115,641,380	32.32
1999	Technical cooperation	146,195,674	32.32
2000	Technical mission	1,527,657,671	31.22
2000	Technical cooperation	237,410,112	31.22
2001	Technical mission	1,178,653,025	33.76
2001	Technical cooperation	79,233,151	33.76
2001	Education and Training	90,971,126	33.76
2002	Technical mission	1,244,132,328	34.56
2002	Technical cooperation	88,490,999	34.56
2002	Education and Training	112,694,463	34.56
2003	Technical mission	1,293,134,152	34.47
2003	Technical cooperation	89,204,359	34.47
2003	Education and Training	85,215,114	34.47
2004	Technical mission	1,360,970,650	33.3
2004	Technical cooperation	67,220,114	33.3
2004	Education and Training	97,922,783	33.3
2004	Policy planning op(incl. humanitarian)	39,173,955	32.05
2005	Technical mission	1,435,926,918	32.05
2005	Technical cooperation	65,634,774	32.05
2005	Education and Training	74,525,067	32.05
2006	Technical mission	1,532,070,158	32.56
2006	Education and Training	60,933,492	32.56
2006	Technical cooperation	65,110,972	32.56
2006	policy and planning expenses	42,010,249	32.56
2007	Technical mission	1,430,709,166	32.86
2007	Technical cooperation	64,702,542	32.86
2007	Education and Training	76,796,308	32.86
2007	policy and planning expenses	36,946,114	32.86
2008	Technical mission	1,422,485,089	31.53
2008	Technical cooperation	109,195,001	31.53
2008	Education and Training	77,107,558	31.53
2008	policy and planning expenses	21,090,000	31.53
2009	Technical mission	1,314,840,273	32.94
2009	Technical cooperation	116,435,464	32.94
2009	Education and Training	81,878,295	32.94
2009	policy and planning expenses	46,515,234	32.94
2010	Technical mission	1,294,325,843	31.49
2010	Technical cooperation	105,591,070	31.49
2010	Education and Training	76,140,188	31.49

Year	Category	Annual Expense(NT\$)	Exchange Rate
2010	policy and planning expenses	33,874,988	31.49
2011	Technical mission	1,156,735,068	33.37
2011	Technical cooperation	60,123,214	33.37
2011	Education and Training	73,848,721	33.37
2011	policy and planning expenses	0	33.37
2012	Technical mission	1,160,902,758	29.57
2012	Technical cooperation	68,808,871	29.57
2012	Education and Training	69,122,350	29.57
2012	Humanitarian Assistance	18,894,531	29.57
2013	Technical mission	1,057,088,784	29.71
2013	Technical cooperation	69,614,193	29.71
2013	Education and Training	76,683,963	29.71
2013	Humanitarian Assistance	25,272,450	29.71
2014	Technical mission	990,540,241	30.32
2014	Technical cooperation	80,116,581	30.32
2014	Education and Training	72,200,025	30.32
2014	Humanitarian Assistance	20,646,696	30.32
2015	Technical mission	1,203,386,217	31.78
2015	Technical cooperation	46,299,401	31.78
2015	Education and Training	84,317,343	31.78
2015	Humanitarian Assistance	19,541,329	31.78

Table A.2. Technical Cooperation Expenditure Data 1998-2015

Year	US\$
1998	4,779,000.00
1999	4,523,381.00
2000	7,604,423.83
2001	2,346,953.52
2002	2,560,503.44
2003	2,587,883.93
2004	2,018,622.04
2005	2,047,886.86
2006	1,999,722.73
2007	1,969,036.58
2008	3,463,209.67
2009	3,534,774.26
2010	3,353,161.96
2011	1,801,714.53
2012	2,326,982.45
2013	2,343,123.29
2014	2,642,367.45
2015	1,456,872.28

Figure A.1. Technical Assistance Expenditure(US\$) from 1998 to 2015

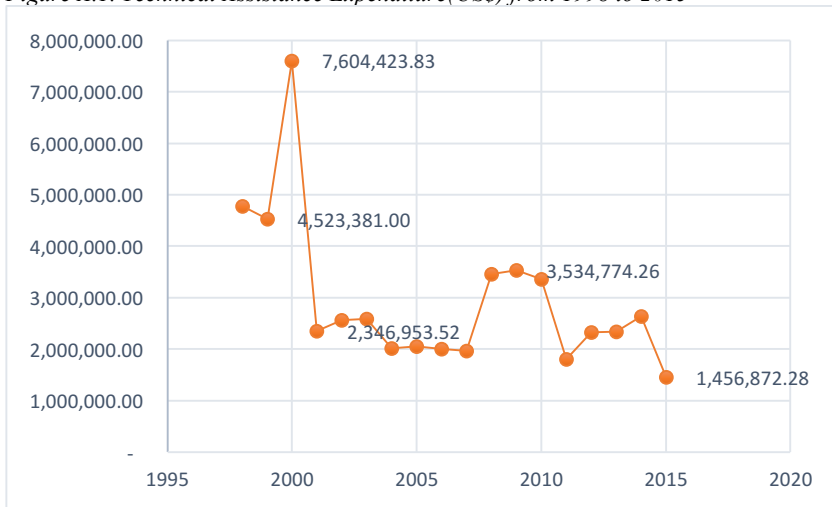


Figure A.2. Distribution of Technical assistance per region 1998-2003

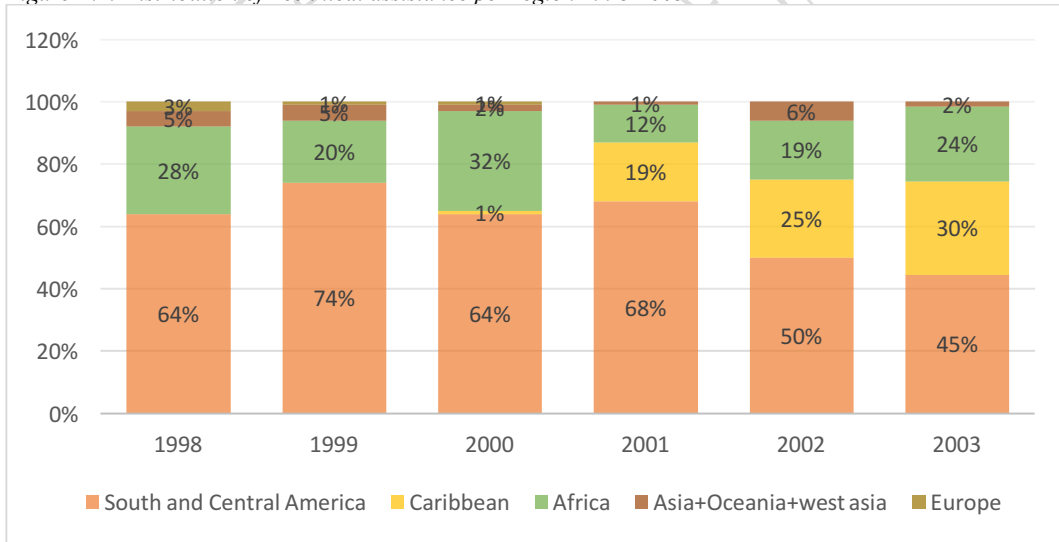


Table A.3. Technical missions commissioned by MOFA expenditure 1999-2015  
Year US\$

1999	34,518,607.05
2000	48,932,020.21
2001	34,912,708.09
2002	35,999,199.31
2003	37,514,770.87
2004	40,869,989.49
2005	44,802,711.95
2006	47,053,751.78
2007	43,539,536.40
2008	45,115,289.85
2009	39,916,219.58
2010	41,102,757.80
2011	34,663,921.73
2012	39,259,477.78
2013	35,580,235.07
2014	32,669,533.01
2015	37,866,149.06

Figure A.3. Distribution of technical missions per region 1998-2003

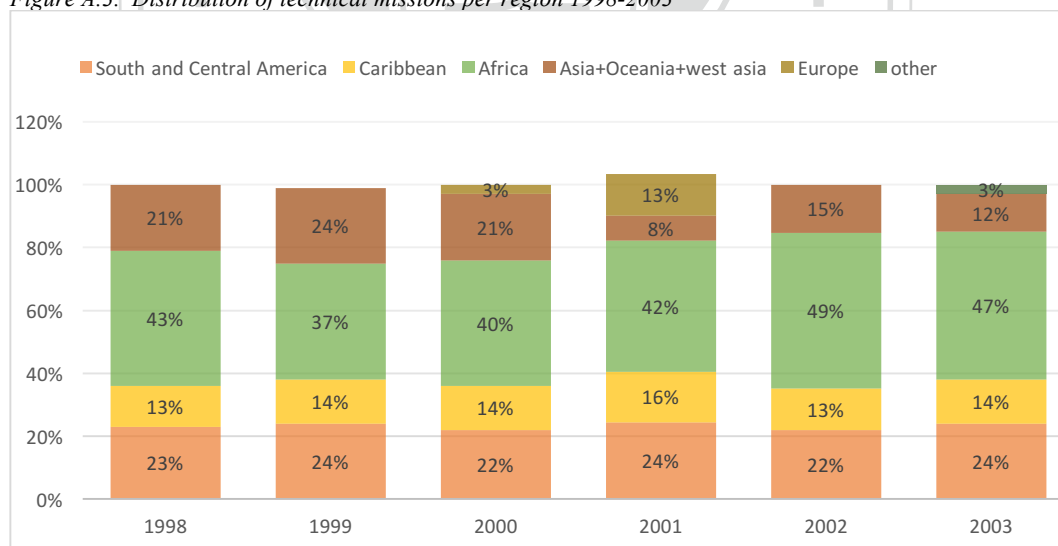


Table A.4. Education and Training Expense 2001-2015

Year	US(\$)
2001	2,694,642.36
2002	3,260,835.16
2003	2,472,153.00
2004	2,940,624.11
2005	2,325,275.10
2006	1,871,421.74
2007	2,337,075.72
2008	2,445,529.91
2009	2,485,679.87
2010	2,417,916.42
2011	2,213,027.30
2012	2,337,583.70
2013	2,581,082.56
2014	2,381,267.32
2015	2,653,157.43

Figure A.4. Distribution of lending and investment per region 1998-2003

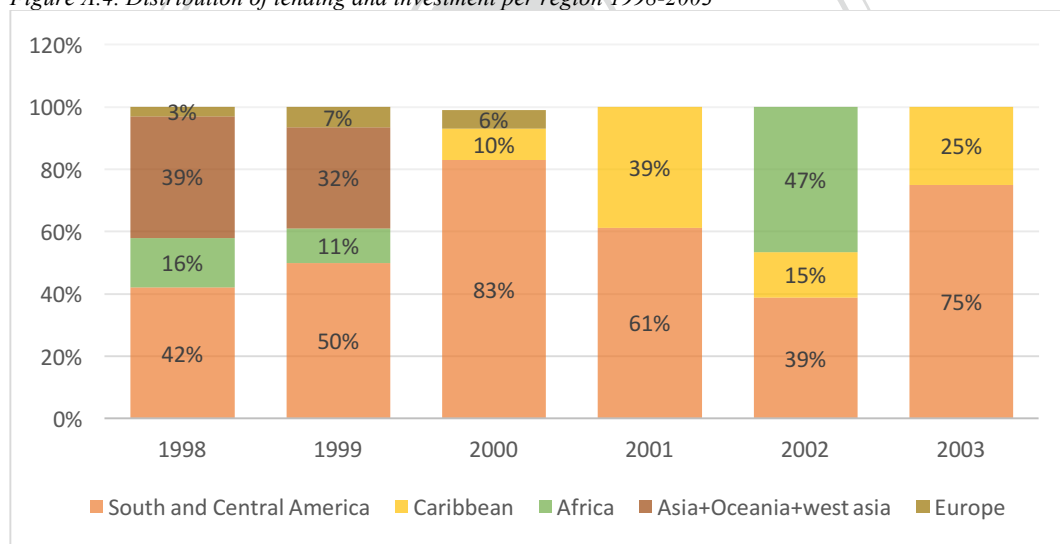


Figure A.5. Distribution of investment and lending per region 2004-2009

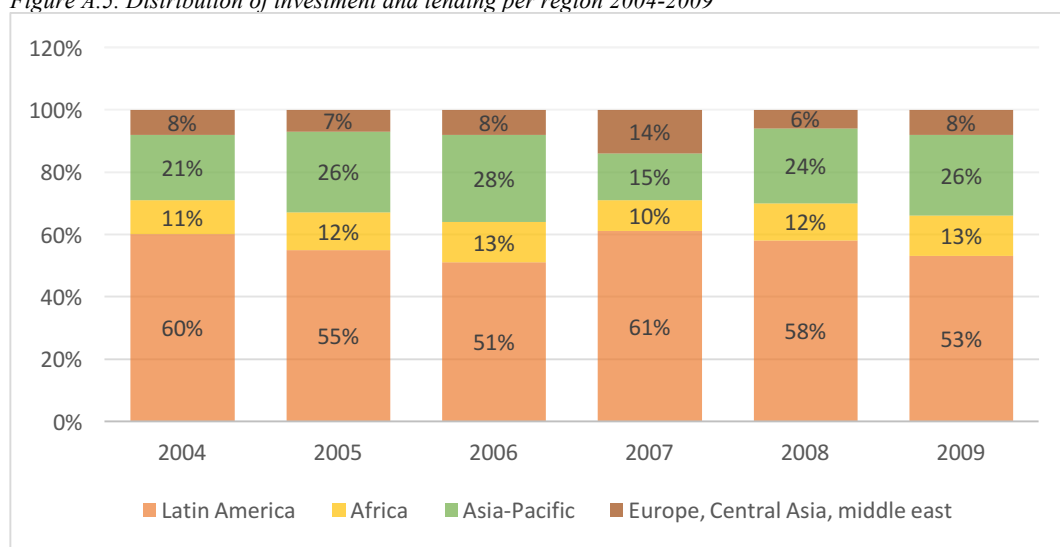
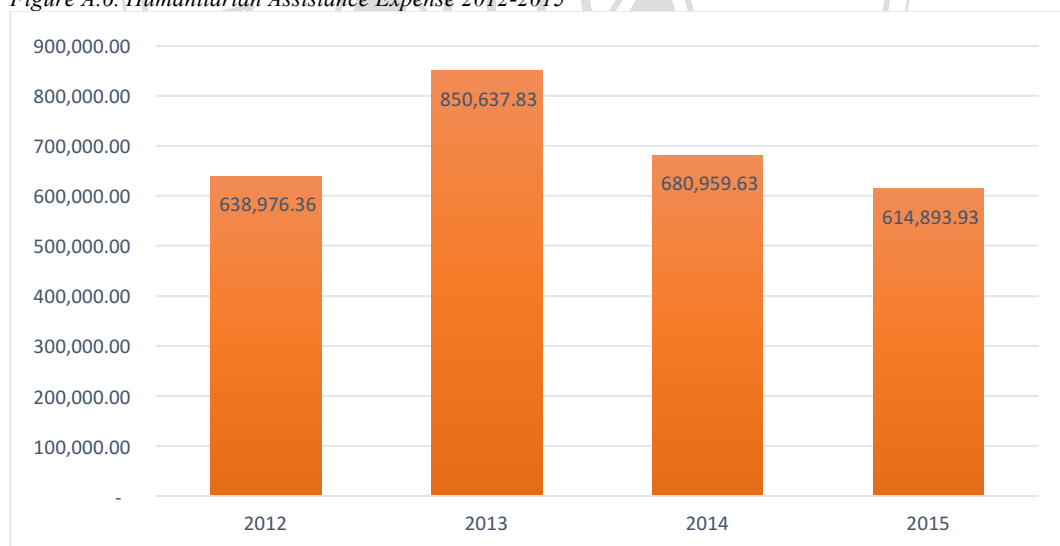


Table A.5. Humanitarian Assistance Expense 2012-2015

Year	US(\$)
2012	638,976.36
2013	850,637.83
2014	680,959.63
2015	614,893.93

Figure A.6. Humanitarian Assistance Expense 2012-2015



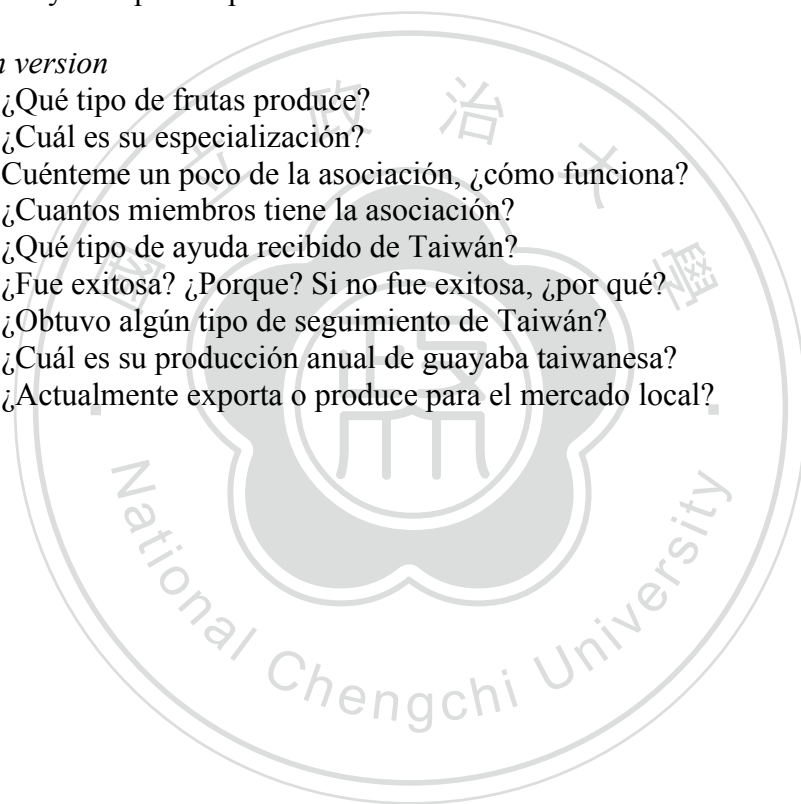
## Appendix B. Interview Questions for Guava Associations

### *English version*

1. What types of fruits do you produce?
2. Which fruit is your specialization?
3. Tell me a little bit about the association and how it works.
4. How many members belong to the association?
5. What type of aid did you receive from Taiwan's technical mission?
6. Was it successful? Why? If it was not successful, why?
7. Did you receive any follow-up from Taiwan's technical cooperation?
8. What's your Guava annual production?
9. Do you export or produce for the local market?

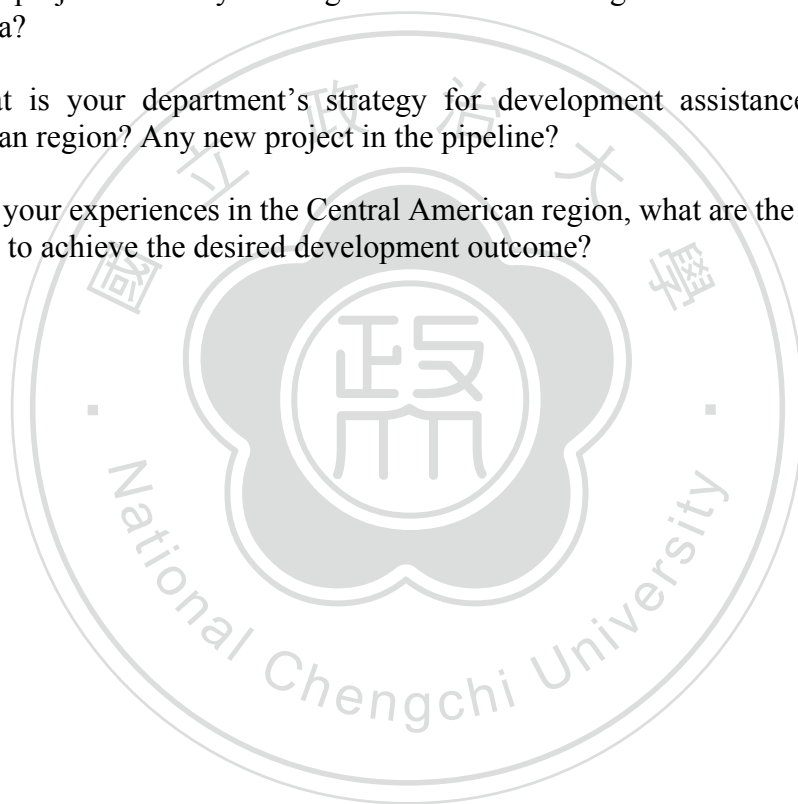
### *Spanish version*

1. ¿Qué tipo de frutas produce?
2. ¿Cuál es su especialización?
3. Cuénteme un poco de la asociación, ¿cómo funciona?
4. ¿Cuántos miembros tiene la asociación?
5. ¿Qué tipo de ayuda recibido de Taiwán?
6. ¿Fue exitosa? ¿Porque? Si no fue exitosa, ¿por qué?
7. ¿Obtuvo algún tipo de seguimiento de Taiwán?
8. ¿Cuál es su producción anual de guayaba taiwanesa?
9. ¿Actualmente exporta o produce para el mercado local?



## **Appendix C. Interview Questions for Taiwan ICDF officials**

1. What approach does your department take to start, execute and evaluate projects in Central America?
2. What are the difficulties your department may encounter during the project formulation and execution process? Is there any difference among countries?
3. Would you please give one or two examples of successful projects? What makes it/ them outstanding?
4. What projects would you categorize as not achieving the desired results in Central America?
5. What is your department's strategy for development assistance in the central American region? Any new project in the pipeline?
6. From your experiences in the Central American region, what are the key factors for a country to achieve the desired development outcome?





## Appendix D. Interview Questions for Embassies in Taiwan

### *English version*

1. What approach does TaiwanICDF take to start, execute and evaluate the projects in (country)? Is there any difference between other countries foreign aid projects?
2. What are the difficulties encountered during the project execution process?
3. Would you please give one or two examples of successful Taiwan's foreign projects? What makes it/ them outstanding?
4. What projects would be categorized as not obtaining the expected results in (country)? Why do you think that happened?
5. What is Taiwan- (country) cooperation current strategy for development assistance? Any new project in the pipeline?
6. From your experiences in Taiwan- (country) cooperation, what key factors Taiwan's aid target to achieve the desired development outcome?

### *Spanish version*

1. ¿Cuál es la estrategia de Taiwán ICDF para el desarrollo de proyectos en (país)? ¿Hay alguna diferencia con la ayuda recibida de otros países?
2. ¿Que dificultades se han encontrado durante la ejecución de un proyecto con Taiwán ICDF?
3. Me podría dar dos ejemplos de proyectos exitosos de la ayuda de Taiwán. ¿Que hace que estos proyectos sean exitosos?
4. ¿Qué proyectos pueden ser categorizados como no haber obtenido los resultados deseados? ¿Porque sucedió esto?
5. ¿Cuál es la estrategia de la cooperación Taiwán-(país)? ¿Cuales son algunos nuevos proyectos?
6. De la experiencia entre la cooperación Taiwán- (país), ¿Cual son los factores que Taiwán trata de abordar para obtener el objetivo final de desarrollo?

## Appendix E. Interview Transcript ASOFRUL

Two phone interviews were carried out: the first one on May. 23 with the secretary and the second one on May. 25 with a member of the association that was present during the time Taiwan's technical assistance was received.

1. What types of fruits do you produce?  
*Mango*
2. Which fruit is your specialization?  
*Mango has been the specialty for the pass 10 years.*
3. Tell me a little bit about the association and how it works.?  
*It was founded in 1994 producing mango.*
4. How many members belong to the association?  
*Currently 25 producers.*
5. What type of aid did you receive from Taiwan's technical mission?  
*Taiwan's technical mission in cooperation with MAG Costa Rica provided seedlings, fertilizers and training for one year. The project started 1998 with 7 producers and 566 trees. In 1999 there were 27 members with 3,627 trees.*
6. Was it successful? Why? If it was not successful, why?  
*There was an overproduction of guava and it stopped being rentable, the quality was destroyed and prices started to drop. Besides ASOFRUL other farmers were producing guava. Guava was produced until 2004. After that year they continued only producing mango. Each member decided to get out of the project but still continue to grow it and commercialize it independent from the association.*
7. Did you receive any follow-up from Taiwan's technical cooperation?
8. What's your Guava annual production?
9. Do you export or produce for the local market?

## Appendix F. Interview Transcript Comayagua

A phone interview was carried out in May. 23 with Hector Hugo Varela, manager of the association.

1. What types of fruits do you produce?  
*Guava in three varieties: the Taiwanese, la perla and millennium. Perla is the variety that is cultivated in most of the plantations of the members, but not because it's the most popular but because its more tolerant to the weather changes.*
2. Which fruit is your specialization?  
*Guava and its derivate such as: juice, pre-sliced guava and soon we'll start guava jam and concentrate of guava.*
3. Tell me a little bit about the association and how it works.?  
*The primary objective is to sell directly our product; we want to eliminate the intermediary so that the producer can obtain a better price for its crop. We own our own delivery machinery. By Being part of the association the producer can feel comfortable that its crops we'll be sold at a good price.*
4. How many members belong to the association? *We are already 64 producers located throughout the Comayagua region and 100mz of guava.*
5. What type of aid did you receive from Taiwan's technical mission?  
*Taiwan's mission was done through DICTA, which is the Institute for Agricultural Science and Technology and SAG they validated the fruit and selected a group of 7 producers in the area. They provide them with all the technical and economic assistance to start the guava plantations and that's how the project starts. By 2007 we were already 40 producers, then Taiwan starts the initiative of creating the association of producers of guava in Comayagua. Taiwan groups the producers and help them get access to local market, they open the sales channels with the biggest supermarket chains in the country and finally assist them with the legal creation of the association. In 2011 through the office of economic development in the ministry of industry and commerce, it was formed the legal entity of the producers of guava in Comayagua.  
Taiwan's technicians assisted the association from 2000 to 2003 then Taiwan gave the projects to DICTA.  
From 2011 the association is independent and then we participated in another project with COMRURAL, which already finished. They provide us with our packing center.*
6. Was it successful? Why? If it was not successful, why? *We consider that it's a successful case as we have been able to continue growing.*
7. Did you receive any follow-up from Taiwan's technical cooperation?  
*No follow-up only some visit to see where the money was invested. The only problem that we have is that we were taught by the technicians to cover the guava with a plastic bag that they use to bring from China, we've looked for it in Central America and North America. We can't import it from Taiwan since we don't have capacity, we would have liked to know how to order it. We have tried to contact them to see if they can give us the contact of a supplier but we haven't been able to do so.  
The reason why it's hard to get in contact is because they sign a government to government contract and they respect those contracts. They talked directly with the SAG, there's a lot of bureaucracy and the information doesn't get to us. The association and all the members is extremely grateful with Taiwan's assistance,*

*technical support for the creation and functioning of the association. It was an important learning experience for all of us. One of the suggestion they made is for Taiwan technicians to work more in contact with the farmers, is not that they don't do it but they do it through the government and because of the bureaucracy of our countries that information doesn't get to the farmer.*

8. What's your Guava annual production?

*We produced 1,000,000lb last year, in 2013 we almost produced 2,000,000lb. Last year and this year we are renovating the tree plants and that has caused the production to decrease by 40%.*

9. Do you export or produce for the local market?

*Mostly for the local market, we have association some exports to the regional market to El Salvador and Guatemala. We haven't been able to export to Guava because its prohibited to enter to the US. We want to export to Canada or Europe.*



## Appendix G. Interview Transcript CENTA-guava farmer in El

### Salvador

A phone interview was carried out on May. 30 with an Eng. Manuel Mejia, person in charge of CENTA in Nueva Concepcion. This was only an interview to understand Taiwan's technical assistance and guava production in Nueva Concepcion, Chalatenango.

*Eng. Manuel Mejia:*

*One of the problems that affect us the most is the most commercialization; we sell but the prices vary a lot during the year. We can only obtain a price of US\$12 for a 25/lb box in two occasions during the year and then the average price is between US\$8 and US\$10. In some occasion the price is as low as US\$6. I don't understand what's happening with the market, one of the problems is the lack of organization.*

*We are organized in an association which includes rice, guava, pasture for livestock and tilapia. There has been study carried out by the ministry of agriculture to establish a collection center for this association. It's a process and there's been training for farmers, fill in forms and improvement in the quality that must be produced.*

*Since we have been following an individualistic model for so many years, is hard for us to change into a cooperation and to associate with other farmers. This is the problem why we don't commercialize as an association and everyone commercializes on its own. Another problem is also the lack of keeping records but that's a problem of the education level. This is changing through the training.*

*I was the first ones to start with the guava production in 2003, I had to be an example for others to show them that it was possible. Of the total national guava production of 305 hectares in Nueva Concepcion there are 140 hectares of guava in Nueva Concepcion.*

*Most of the farmers sell in the traditional markets, intermediaries come to the plantation to buy, they pay at the moment and they take it to the traditional market in San Salvador and La Tiendona. To the supermarket, I dare to say that none of the producers are doing it. There's a foundation called Clinton foundation in El Salvador, they have a collection center but it's not formed by farmers. Clinton foundation distributes to Super Selectos. We are not selling to them, they started with 25 producers to provide them with 400lb or 500lb/ week and the price is not sustainable throughout the year it varies.*

Q: Are the farmers the owners of the land?

*The producers are the owners of the land and the crop. The crop of the Taiwanese guava has a life of 14 to 15 years.*

Q: With the current price of guava is it sustainable?

*The producers have to look for ways to decrease its costs so that it can be sustainable. The cost to produce guava per pound is US\$0.20 and some prices are \$0.24/pound. However, guava in the agricultural sector is a good source of income.*

*We are trying to get over the traditional obstacles and create an association in Nueva Concepcion.*

Q: Can you tell me about what type of assistance Taiwan provided?

*CENTA had an agreement with Taiwan's technical mission in the year 2002 and 2003. At the beginning they were promotion and showing in small parcels how to produce*

*guava. The farmers who believed in the project, then through Centa, Taiwan's technical mission started to provide training and consulting in the technical part and in the producer's part. It was like this that when people started to see that the crop was sustainable, then they started to grow more and more from 2002 to 2017, from 1mz., we now have 140 mz. In Nueva Concepcion we have production of 90mz. and in the last year 50 mz. were added and the quantity we have is not enough to fulfill the national demand. However, on certain occasions the market is full of guava but we are not sure if its national production or if its imported guava.*

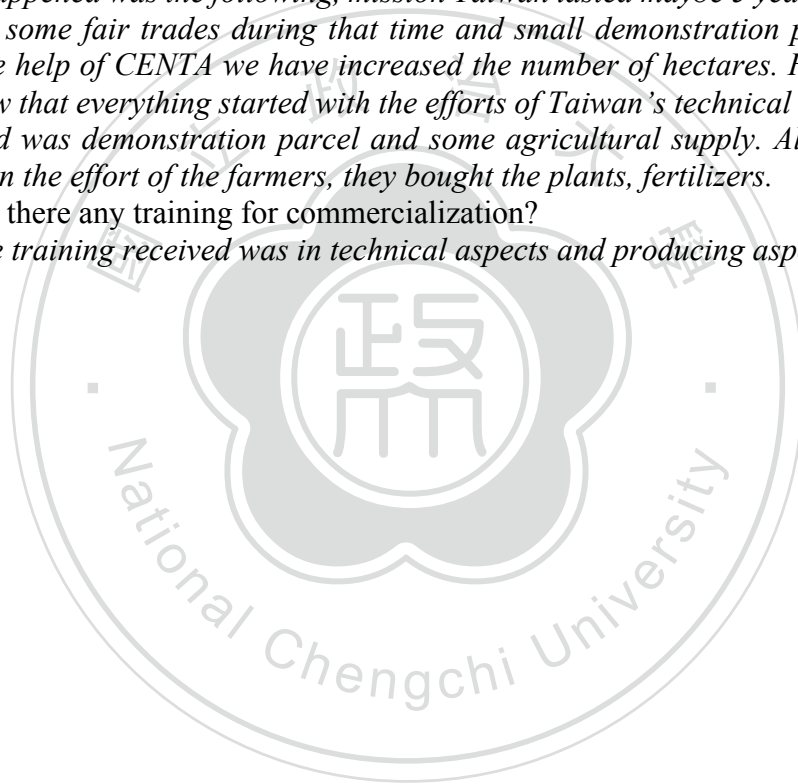
*It was due to Taiwan's technical mission and CENTA that we have guava, we were the pioneers at national level to produce the guava. Some other fruits were also introduced as the wax apple and jujube and due to the lack of marketing, wax apple and jujube haven't been so successful in the market.*

*Q: Was there any assistance provided for the creation of cooperative?*

*What happened was the following, mission Taiwan lasted maybe 5 years in the district. We did some fair trades during that time and small demonstration parcels and now with the help of CENTA we have increased the number of hectares. However, we are all know that everything started with the efforts of Taiwan's technical mission. The aid received was demonstration parcel and some agricultural supply. All the investment has been the effort of the farmers, they bought the plants, fertilizers.*

*Q: Was there any training for commercialization?*

*No. The training received was in technical aspects and producing aspect with Centa.*



## Appendix H. Interview Transcript Guatemalan Ambassador in

### Taiwan

A personal interview was carried out on May. 31 at the embassy of Guatemala in Taipei with the ambassador Olga Maria Aguja.

*Note: The ambassador didn't believe she was the appropriate person to discuss this issue as she doesn't deal with foreign aid issues. Instead, she discussed the cooperation that the embassy received in Taiwan. She stated that Taiwan ICDF with the commercial office of Ministry of economy of Taiwan.*

1. What approach does Taiwan ICDF take to start, execute and evaluate the projects in Guatemala? Is there any difference between other countries?

*Ambassador: There's the Central America Trade Office(CATO) with them with work the promotion of fair trade to increase the export of our products to Taiwan and vice versa but in general is to promote and increase the commercial relationship. From this fairs they support us to promote coffee sales, tourism. We sell a lot of coffee and we are well positioned in Asia, primarily in Japan, second place Singapore and third place Taiwan. To Taiwan we sell in average US\$8 to US\$10 million/ year only in coffee. We try to get producers from the National Association of coffee to come and they already have commercial ties with different companies. I can tell you that Guatemalan coffee is well positioned in 20 5-star hotels and in other food companies.*

*In tourism, we are trying get it well positioned in the Taiwanese market. This is the 5<sup>th</sup> year that we are trying to promote tourism and there are already some results as 2 years ago we didn't have any tourism agency that promoted our packages and now we have 10 tourism agencies. Some are only selling Guatemala as a destination and other sell it in combination with other 2 or 3 countries. Last year we increased by 24% the volume of Taiwanese that are going to Guatemala.*

*Food promotion in July is the food fair trade in Taiwan and 11 entrepreneurs from different brands come to Taiwan to promote macadamia seeds. We are the 4<sup>th</sup> producer of macadamia in the world, and is already well position in the middle east. Taiwan is become more interested in macadamia, nuts and dry fruit. We are also try to trade foliage which its already being sold here. Also shrimp and lobster. We are introducing more products but these are the principal products we are selling. Since last year we tried to introduce textiles, we already had 2 fair trades and one exhibition that was being exhibited in 101.*

*We also work together to promote businessmen visits to Guatemala. We are preparing the next visit with 15 to 20 businessmen that are associated to Taitra and SIECA.*

*Investment has been achieved in telecommunications we have \$2million investment and there's a new one on the way for textiles.*

*Taiwan's exports to Guatemala, auto parts, motorbikes and bicycles. Treadmill and sell phones, HTC.*

2. What are the difficulties encountered during the project execution process?
3. Would you please give one or two examples of successful Taiwan's foreign projects? What makes it/ them outstanding?
4. What projects would be categorized as not obtaining the expected results in Guatemala? Why do you think that happened?
5. What is Taiwan- Guatemala cooperation current strategy for development assistance? Any new project in the pipeline?
6. From your experiences in Taiwan-Guatemala cooperation, what key factors Taiwan's aid target to achieve the desired development outcome?

*In all bilateral relations, we can't talk about the final objective being development. Each country has to look for its own development. Is not that Taiwan is looking for a final objective to get us out of the underdevelopment, that is responsibility of each state to fight for this. The strengthening has to be mutual, we open the doors to them so that they can invest and they are also contributing to the development. The most important things and what we look for is a bilateral relationship since it's not only about development cooperation but it's also about diplomatic, immigration, social, political and security issues that relate to diplomatic exchange. We are only a few allies, that is why our relationship is so close. Our relationship is as close as a brotherhood to support each other.*

Q: How is the Guatemala-Taiwan relationship?

*It's great, we work hand-by-hand, we have a lot of work, both in the embassy of Taiwan in Guatemala and the embassy of Guatemala in Taiwan are always busy.*



## Appendix I. Interview Transcript Taiwan ICDF Technical

### Cooperation Director

A personal interview was carried out on May. 31 at Taiwan ICDF headquarters with Mr. Ming-Hong Yen.

1. What approach does your department take to start, execute and evaluate projects in Central America?

*Mr. Yen: The methodology is just like other development institutions we use the product cycle .In which phase we encounter difficulties is during phase of project identification we usually hope to identify the core problem in this potential projects and we would like to make sure are projects are highly related to our ally countries national development agenda .So we organize a team, in which include our project officer and technical experts to go to the ally country to collect information and data as much as possible. In this area we always face a lot of problem and difficulty as it's not very easy to collect data and information in a developing country as statistics are not well organized. When evaluating a project feasibility, you need an analysis and you need ally country to provide information to do the analysis and feasibility of project. Sometimes data is not complete and we can't do our job at 100%, this is something maybe we can provide our assistance in the future. Maybe in the country we can provide assistance in collecting data, statistics, so that in the future we can make use of this data.*

How do you get a country to agree to project or do they ask for the project?

*There are 5 priorities in Taiwan ICDF area (Education, Information technology, agriculture, public health and environment) so we would hope our ally country to propose their cooperation projects in this 5 area since in this 5 areas we have our competitive advantage. It doesn't mean that if it's not in this area is prohibited to propose projects.*

*For project preparation we would like to involve people in partner country, we don't want to design the projects on our own and then hand it to them and ask them is this what you want? We would like out ally country to send a team to organize with Taiwan. It would make it easier for them to go through the project negotiation phase. They know what we are going to do.*

2. What are the difficulties your department may encounter during the project formulation and execution process? Is there any difference among countries?  
*(Please see Question 1 answer)*
3. Would you please give one or two examples of successful projects? What makes it/ them outstanding?

*We don't use the term successful and failure to describe a project, we rather use satisfactory, partially satisfactory or needs improvement. The projects we describe as satisfactory they all have something in common, the high involvement and participation of ally countries, it means we don't do the project we don't implement the project on our own, we would ask our ally country to input human resources, budget and co-op implement the project. In the process of the implementation we would focus on capacity building and we would send out specialist to convey and transfer our knowledge and our specialty to out ally technical person. This would guarantee the project sustainability once the project is complete. For those projects*

*that are least satisfactory, they all have one thing in common, is the very poor involvement and engagement and participation of ally country. It seems as if my project not our project. It makes it hard to transfer the project once it is complete, our partner country couldn't take over it to sustain and operate the project and it would lead to the failure and unsustainability of the project.*

Q: By participation who do you mean?

*The farmers are beneficiary; we are talking about the officers in the agricultural bureau and the technical person in the government. Once you would like to sustain your assistance or other beneficiaries you are going to need a sustainable agency that continues to provide assistance. In most cases, once our technical specialist left, no one would take over those jobs that used to be carried out by Taiwanese specialist. Those Taiwanese beneficiary can't continue get the assistance.*

4. What projects would you categorize as not achieving the desired results in Central America?

*We have 4 criteria to judge the extent of satisfaction. The project relativity, project efficiency, project effectiveness and project sustainability. We value sustainability the most, we don't want our resources not to be sustained. The reason why a project is not sustainable is because of the poor involvement of ally countries. Sometimes the change of the political situation in our ally country would lead to the poor sustainability of a project in one country. For one project, one government proposes a project that matches their development goals and hopes Taiwan ICDF will help them achieve them but we have experienced that during the period of execution the government will change and for the new government, they have new national development goal that doesn't match the previous government development goals. After it is necessary to renegotiate to implement the on-going project.*

5. What is your department's strategy for development assistance in the central American region? Any new project in the pipeline?

*We will keep focusing in Taiwan's competitive advantage: agriculture and ICT. In the future we will try to combine agriculture and ICT. We know that countries in Latin America have a lot of potential to upgrade their industry in comparison to other countries, we will try to combine the agriculture and ICT to increase their efficiency. We have the satellite in Taiwan, we use the satellite to enhance our ally countries decision-making capacity.*

6. From your experiences in the Central American region, what are the key factors for a country to achieve the desired development outcome?

From all the projects in Central America, what is the objective of the technical cooperation department?

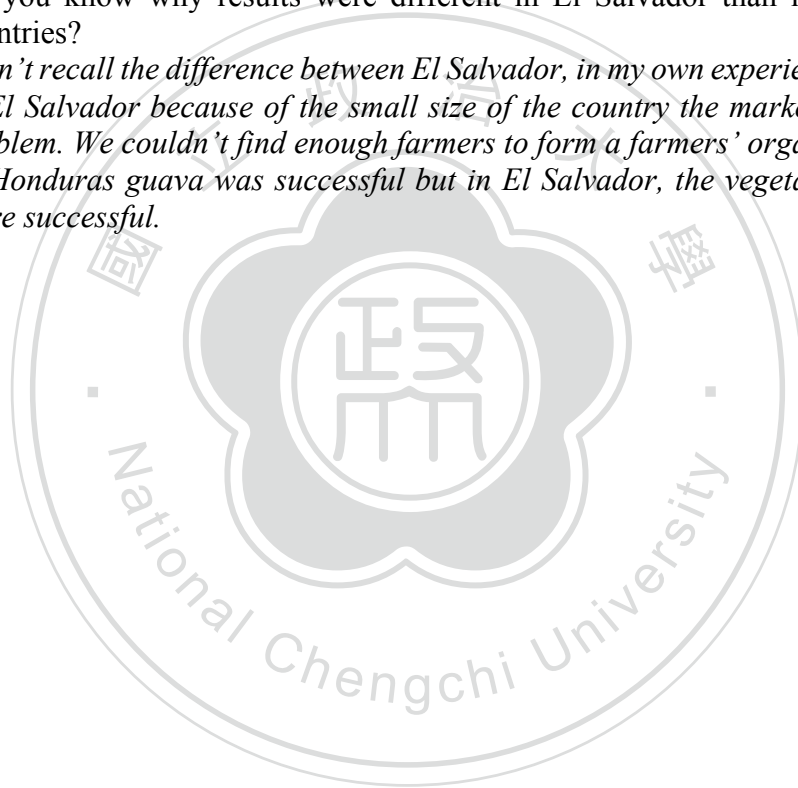
*Taiwan ICDF is established by the government. We have to comply with our foreign policy. Our mission is to enhance our bilateral relationship with our ally countries. This is our objective and by realizing that we try to make sure our project is 100% answering the request of our ally country. In the process of realization of their development goals, this is what we care most. Secondly, we also want to use our international cooperation projects, we want to introduce our own industry: agricultural seedling company they can use our cooperation to increase their operations overseas, help our own business companies to expand their operations.*

7. For the guava project, was there any difference between the technical assistance provided to Costa Rica, Honduras and El Salvador.

*Guava is one of our most successful projects in the past years. In Honduras there's a region called Comayagua, in the central part of Honduras. To help the farmers to grow guava because this is a tropical fruit it can grow very well in natural environment in Central America. We know that Central America has a trade agreement with the United States you can export your agricultural products to the US. We know that a lot of overseas Chinese live in the United States and they are used to eat the tropical fruit such as guava, we focused on the overseas markets in the United States. This is the reason we incentivize the farmers in Honduras to grow guava. It was a very successful project; we not only teach them our technology of growing guava but also help them to open export markets in the US. We organize them into a farmers' organization so they can purchase a refrigerator equipment to store guava. The guava in Honduras is the first time we introduce value chain of agricultural product, not only teach the grow it but to sell it.*

8. Do you know why results were different in El Salvador than in the two other countries?

*I can't recall the difference between El Salvador, in my own experience, the farmers in El Salvador because of the small size of the country the market share is a big problem. We couldn't find enough farmers to form a farmers' organization. In Honduras guava was successful but in El Salvador, the vegetable project was more successful.*



## Appendix J. Interview Transcript Embassy of El Salvador in Taiwan

A personal interview was carried out on June.1 at the embassy of El Salvador with Ministry council, Jaime Lopez.

1. What approach does Taiwan ICDF take to start, execute and evaluate the projects in El Salvador? Is there any difference between other countries foreign aid projects?  
*Ministry council: From the start, the projects of Taiwan ICDF have a specific strategy of where the cooperation is heading too. There's other nations that have a broader scope for their foreign aid and ask us what type of projects we are working on; after they decide if they want to assist us. Taiwan ICDF has its own strategic plans to which industries they are going to help us and they limit themselves to those industries. We can also request them based on our national development goals if we want support in one sector, after they send their technicians to see which are Taiwan's competitive advantage and decide if they can or can't provide us assistance. It is a cooperation definitely focused in development and it also goes in line with the experience and competitive advantage that Taiwan's has so that their technicians can arrive to El Salvador and with the resources they have they can give technical, humanitarian or lending cooperation in areas where Taiwan knows that it can provide a higher value than other countries or that it has a competitive advantage in comparison to other nations. I believe that their strategy has been to go to specific projects, to start from a small project, have a counterpart in El Salvador's government that can take over what is going to be given in technical cooperation. The objective is to give the experience, create the structure and then let the government institution multiply the experience learned. In terms of efficiency; Taiwan makes use very effectively of limited resources. They focus on creating an infrastructure, teach from that experience, trained people and leave them trained.  
Taiwan might propose the project and El Salvador might also request it.  
Taiwan ICDF takes a lot of time to start a project but they do it well. We can make the request but it must go through the procedures of Taiwan, send their technicians, it might take 6 months while they analyze it and decide in what specific topic they have experience.  
Several years ago, Taiwan started using a limit for the duration of a project. Before projects could last longer and it wasn't efficient. This happened because of the employee rotation in El Salvador government. A second phase application can be requested but with different objectives.*
2. What are the difficulties encountered during the project execution process?  
*One is finding the funds once the project has ended and Taiwan is very careful in selecting its counterpart but there might be personnel rotation during the project execution. From our part to replicate is a problem. From ICDF sometimes is the bureaucracy to start a project but is a well back up procedure.*
3. Would you please give one or two examples of successful Taiwan's foreign

projects? What makes it/ them outstanding?

*One product, one town is not a project that was born in Taiwan but it was implemented by Taiwan. Now Taiwan is a pioneer in one product, one town. This project also received the support of Japan which are the creators of one town, one product. Taiwan selected a vulnerable area and created the infrastructure. Now in Ilobasco they assisted with the ceramic craftwork, Taiwan helped increase the quality of the product, they did a market research in foreign markets, and provided assistant for the channels of commercialization. This helped take people out of their survival living standard. This was the model for one product, one town. Taiwan even suggested changes in the law so that this system is sustainable. This is a very efficient way to manage cooperation, Taiwan can't handle big amounts of cooperation but it can improve the efficiency of how those funds are used.*

*In agriculture Tilapia is not so much as if the project was successful or not but what the country did to replicate the project and to make it more economic impact in the region. The majority of projects that ICDF generates have been successful. Its responsibility of the government and the responsible institution to get the funds and be able to replicate the project. The objective of the cooperation ICDF-El Salvador should be to generate a change and create an industry that exports. It can't be blamed on ICDF that it didn't work, it should be our government policies to learn and replicate.*

4. What projects would be categorized as not obtaining the expected results in El Salvador)? Why do you think that happened?

*Only a few were not successful but if we want to be a bit critical El Salvador hasn't become an exporter of guava and Tilapia. I believe that is us (El Salvador), the ones that need to have higher goals for ICDF projects. As per ICDF objectives are achieved. Their objectives are clear and achieved but Taiwan can't establish as an objective to change the law but yes to present a proposal to do so. As recipients of aid, we need to establish higher goals or maybe unachievable goals. Taiwan will establish goals that they can achieve and they do it.*

5. What is Taiwan- El Salvador cooperation current strategy for development assistance? Any new project in the pipeline?

*Some proposal were presented and if we see the list of cooperation, we see more industry development plans The ministry of economy had a proposal to start linking some of the projects to the industry sector.*

6. From your experiences in Taiwan- (country) cooperation, what key factors Taiwan's aid target to achieve the desired development outcome?

*ICDF has an objective to support the development of vulnerable regions and the development of food capacity. In humanitarian terms you can see where it is aimed at. In political terms the objective is to generate long term projects.*

## Appendix K. Interview Transcript Taiwan ICDF Lending and

### Investment Director

A personal interview was carried out on June. 2 at Taiwan ICDF headquarters with Mrs. Hsu Hui-Wen.

1. What approach does your department take to start, execute and evaluate projects in Central America?

*Mrs. Hsu: Loan are for very important projects of a country, that means it must comply with the country's development strategy. When a country borrows money it must have a borrower which will be the ministry of finance. The implementation agency of the loan can be different institutions in El Salvador but the borrower is always the ministry of finance. The loans conditions are discussed with the ministry of foreign affairs.*

*It starts from a proposal to the embassy in Taiwan, when ICDF gets the proposal we will go through it and then send experts to the country to decide how much loan we will provide. We can propose changes and get the approval from the country and then renegotiate the amount. We need to communicate with the government very call.*

*We like to give loans through the government but in certain occasion when is passed through our embassy, it means they have a good relationship with government.*

*The loans can be bilateral and multilateral. Multilateral projects allow us to leverage the resources, make the resources larger. Bilateral projects are upon request, so if no projects have been requested we go to multilateral institutions to ask if there's any project we can participate in.*

*When we provide loan for a technical cooperation project as in farmers, we must first consider the financial sustainability of the project as we don't want the farmers to end up with less money than what they had before the project. We must consider than they will need to repay the loan plus an interest so the skills must be matured. Combined with technical cooperation and the lending department is the mission, one example is the aquaculture project in El Salvador that grouped into association and then they could apply to a loan.*

2. What are the difficulties your department may encounter during the project formulation and execution process? Is there any difference among countries?

*In El Salvador, the two parties that have different views and need to get approval from the congress in order to get a loan. Is very difficult for the congress to get approval. For a period of time we didn't deliver projects but instead did it through CABEI.*

3. Would you please give one or two examples of successful projects? What makes it/ them outstanding?

*We cooperated with CABEI for a student loan project, before ICDF decided to cooperate we heard it was not successful because commercial banks didn't want to provide those loans. When commercial banks provide a loan they want to earn and students' future job is uncertain, however in ICDF we think is very important. We had our own lending project, human resources and education is very important to the Central American countries, so we decided let's convince those commercial banks to provide loans to the student. This project needed to work in cooperation*

*with schools, schools needs to promote this idea. Schools must educate the students and help them to get good jobs after they graduate. This would give some confidence to the bank that the school will help the students. This project had two stakeholders, commercial banks and schools and finally we designed the project and we signed it. We start to implement the project; the progress was really slow since it's hard to convince commercial banks. A few years later, in Guatemala the commercial banks start to see the potential and they don't join ICDF, they have their own student loan project. From our point of view is a good thing, since they saw the potential market and want to use their own resources. This project left me impressed because it was hard to start with a commitment of US\$10 million and since it was not easy to promote we reduced our commitment to US\$2 million. We see in some countries this project is getting more and more attention, in Guatemala they have their own loans, I personally say this project had an impact since we brought the pioneer idea and it was accepted by the locals and merge into their culture.*

*It was outstanding since there was technical cooperation and lending together. Our advantage is agriculture in which we work together with the farmers.*

4. What projects would you categorize as not achieving the desired results in Central America?

5. What is your department's strategy for development assistance in the central American region? Any new project in the pipeline?

*Follow the sustainable development goals and your countries national development agenda. Your government can approach for grant based, for loan based your government needs to allocate resources to repay. We need to comply with the parity of borrowing country.*

*My department follows ICDF's strategy in Central America, no department strategy only ICDF overall strategy.*

6. From your experiences in the Central American region, what are the key factors for a country to achieve the desired development outcome?

*Youth opportunities in Central America and economic and social infrastructure to stimulate growth, people can have a better life if they have access to financial credit, to get the money they need, to start their business. A good governance because when we implement a project, we need a good governance. If they can improve it would be better and good governance also includes regulations.*

## Appendix L. Interview Transcript Director of Latin American

### Studies, Dr. Kung.

A personal interview was carried out on June. 5 at Tamkang University with Dr. Kung.

1. What approach does Taiwan and or ICDF take to start, execute and evaluate projects in Central America?

*Dr. Kung: ICDF executes projects in partner countries in Latin America. For every country depending on its condition, different projects are executed some in agriculture, some in aquaculture. Right now a problem is the amount of foreign aid has diminished in the last 8 years. From Ma Ying-Jeou until now there was around a 30% reduction in Taiwan's foreign aid. This budget cut must have also affected ICDF. ICDF now needs to think how to get more funds to execute its projects. Another problem is there's a been a change in the technical part of ICDF. Before the technicians group was bigger, a group had around 20 technicians and assistants to carry out 8 to 9 projects in the whole country. But after a long period of debate it was thought this form was not able to achieve the desired objectives, because once the technician left and the project would not be sustainable. The projects could last 10 to 15 years or even 20 years in the country side for project such as rice production or vegetables. Now, each project has no more than 3 years with a manager and a technician only. A group is sent to a small city for a specific objective. Ex. Pig breeding. A partnership is form between the university and Taiwan's technicians transfer the technology and knowledge during a period of 3 years to the counterpart.*

Does this affect the quality of assistance provided?

*The quality must be good as before it didn't have a deadline. The technician could do as he wanted but it didn't have a specific objective. Now the project has a shorter term which is a better process to the transfer of technology and knowledge and the objective is clear. This saves money and the aid is more efficient. Some projects were carry out without any results because ICDF didn't demand an objective be achieved. The project can be continued if the government requires a new project, then ICDF presents another project.*

*A problem with these small group of technicians is that is hard to find someone with the knowledge that speaks Spanish. On the hand in a big group when they stayed there for 10 years they would learn to speak Spanish.*

Q: Taiwan's foreign aid budget has diminished is this bad or good? If this is the case, why isn't more data published?

*Taiwan is pretty transparent you can find the data on foreign aid online. ICDF budget is an institution that is under MOFA. Let's say for example that MOFA assigns every year around 1/4 of the total foreign aid budget. That's the money that ICDF has. For the rest MOFA decides what to do with it.*

2. Are Taiwan ICDF aid projects successful? When would you classify a project as successful or not successful?

*In my opinion they are satisfactory but for them they are successful.*

Q: Why? They've done all they can, with a limited budget. Their budget was cut by 30% so they've done all they can to keep good relations with those country. Is successful but they can improve.



*Taiwan negotiates the foreign aid government to government the total amount of foreign aid for the whole presidential term. If its 5 years, then the budget is negotiated for 5 years. Every government has a fixed amount for a fixed time. Then the local government must propose projects to use that budget but many times at the end of the term the local government doesn't use that money. The reason is because they didn't propose projects, this happens in many countries. Taiwan wants them to use the money but they don't.*

3. What projects are not successful in Central America?

4. What is Taiwan ICDF objective in Central America?

*ICDF is involved in agriculture, aquaculture, livestock, etc. Agriculture is a core operational part of ICDF. Also trainings are carried out in Taiwan to increase their knowledge, this is an important work of ICDF. Now the total number of projects carried out in Latin America and Taiwan's partner countries is not as many as before. Not because ICDF doesn't have any money but the way that the project is carried out has change.*

Q: What about the local government, they also don't have clear objectives?

*Yes, that's also a problem. Not only ICDF gives aid but also the government and the government of Taiwan in order to have good relations with the local government respect always the counterpart wishes.*

Q: Can ICDF propose things?

*Yes, they can. If the experts think the project is not viable or out of reach or the amount is too big then they give their opinion to the local government. In order to have good relations ICDF and Taiwan respects the local government.*

5. Do you think Taiwan ICDF is an efficient institution in providing development assistance? Why?

6. How could Taiwan ICDF improve?

*I'm not sure, we always discuss this. Before with more technicians, technicians would live there longer and maybe marry locals, then their work was outside the limit but it can have good relations with the citizens. This can have a more diplomatic effect but now 2 people for 3 years is only for work. There's missing an emotional bond. Some people think that is a bit cold, is only work. Before, the technician slowly became a member of the local community. What Taiwan needs is support from the local people, how Taiwan worked before was a better way to obtain more local support.*

Q: Is there any follow up from Taiwan ICDF?

*No, after 3 years they leave. They don't know about the results afterwards.*

Q: Do you think that follow-up is responsibility of Taiwan ICDF?

*The responsibility is of the local government. ICDF does what they can. After they must transfer everything to the local government.*