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Organizational Management

**A better
world,
a brighter
future**

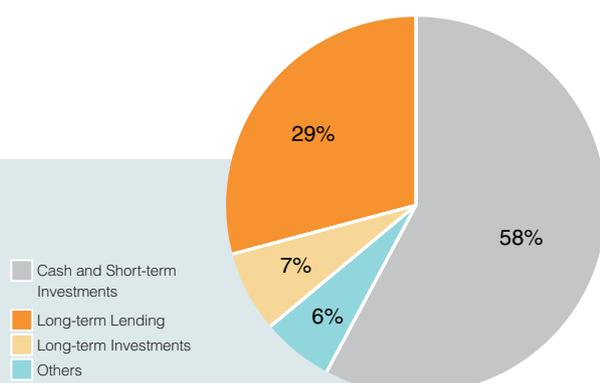
Financial Management

The goal of TaiwanICDF's financial management is to ensure asset security and stable returns, enabling the organization to have sufficient capital to carry out its operations. The TaiwanICDF's initial fund is employed to implement long-term investments and lending. A portion is set out for short-term investments in capital and currency markets. The organization's financial managers act in accordance with regulations and internal control mechanisms. They regularly provide reports to the Board of Directors and Supervisors on financial management strategies to maximize returns with limited financial risk.

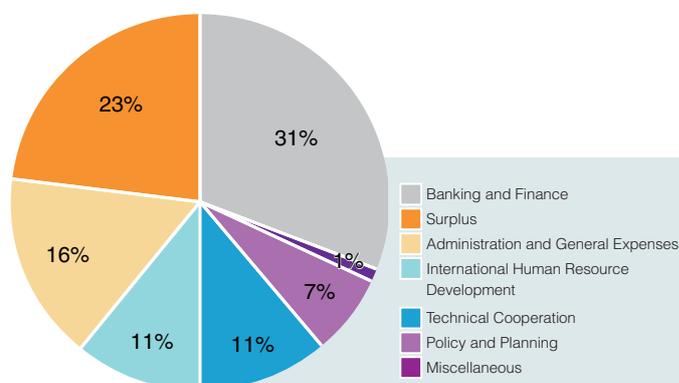
Fund Utilization

The TaiwanICDF's financial assets come predominantly from its fund capital and annual income. The fund capital is used for long-term financing and investment, and credit guarantees. Uncommitted portions, or funds that are committed but yet to be disbursed, are set aside in short-term investments, such as bills, bonds, stocks, and bank deposits. Of the total in 2006, approximately NT\$5.577 billion, amounting to 36% of available capital, was earmarked for long-term investment and lending, and credit guarantees. The average return on lending projects for the year was 3.53%, while the return on short-term investments was 2.93%. The fund's annual income comes primarily from interest and short-term investment returns. These inflows are used to cover annual financial demands for banking and finance operations, technical cooperation, international human resource development, policy and planning operations (including humanitarian assistance), and administration and general expenses. The charts

Fund Utilization in 2006



Departmental Operation Expenses in 2006



on this page show fund utilization and departmental operation expenses for 2006.

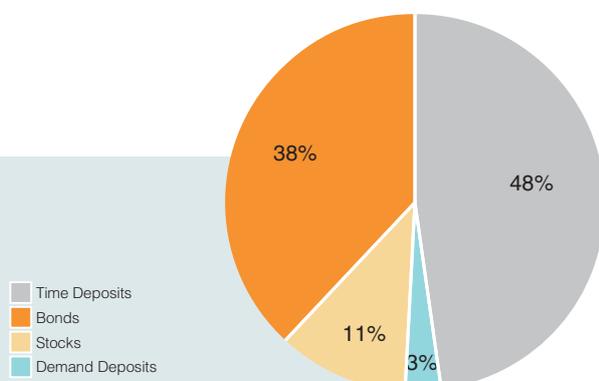
Long-term Financing Projects and Management

As of the end of 2006, the TaiwanICDF had 68 long-term lending projects, with commitments amounting to approximately US\$445.99 million (NT\$14.54 billion). Accumulated disbursements stood at US\$405.93 million (NT\$13.23 billion) — or 91% of total commitments — while aggregate principal repayments totaled US\$208.96 million (NT\$6.81 billion), translating to 47% of all funds extended. Meanwhile, the TaiwanICDF was involved in 12 investment projects as of the end of 2006, with a total committed value of NT\$680 million in the Overseas Investment and Development Corp. and US\$48.24 million in cooperation with various international development agencies. Four of the investment projects are being carried out using special investment funds jointly created with international organizations. The financial return from investment funds is better than that from lending at preferential rates; as a result, the recovery period is faster. With the benefit of quicker recovery, the funds can be mobilized again, paving the way for sustainable management of the general fund.

Short-term Investments and Management

The TaiwanICDF focuses on liquidity and security in its short-term investments, in order to maximize returns while ensuring minimum risk. This provides the organization with a stable income to support its operations. The rise in U.S. dollar interest rates tapered off in 2006, while NT dollar and euro-denominated

Short-term Assets Allocation



rates increased gradually. At the same time, bond yields fluctuated. As a result, the TaiwanICDF primarily allocated its assets into time deposits, and did not increase its position in bonds. As foreign currency time deposit rates were relatively high, and NT dollar-denominated returns also increased, the TaiwanICDF's returns on short-term investments in 2006 increased modestly from a year earlier.

Prospects

Over the past three years, the ratio of the TaiwanICDF's long-term investment and lending has continued to increase, while the ratio of time deposits and short-term investments has fallen proportionately. In addition, interest rates remain low in the domestic capital market, meaning that returns on assets have been relatively weak in recent years. In 2006, international interest rates began to rise, helping to boost returns in comparison to 2005. The TaiwanICDF plans to further expand its investment scope to raise returns in the future. Meanwhile, the organization presently holds assets denominated in NT dollars, U.S. dollars, and euros, allowing it to diversify the exchange risk, and better meet the funding needs of its international development operations. In the future, the TaiwanICDF will utilize its funds in an even more flexible manner in the pursuit of stable returns on its assets.

Accounting Management

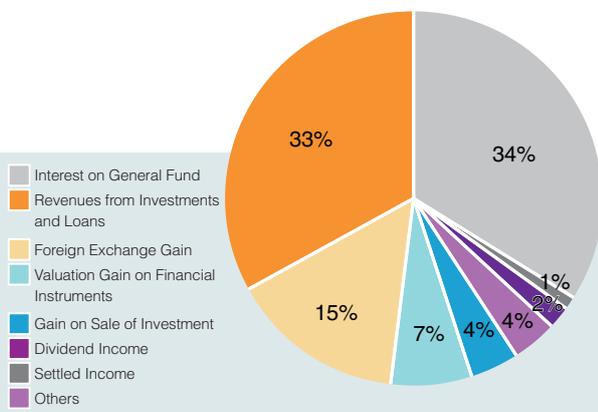
The TaiwanICDF's general fund interest and investment returns provide most of the organization's annual budget. The TaiwanICDF also receives income from the government, which commissions it to carry

out various development projects. The organization's interest and investment returns are used to cover regular expenses, including technical cooperation, international human resource development, banking and finance, policy planning operations (including humanitarian assistance), and administration and general expenses (including salaries, depreciation, and other expenditures). As for income derived from government-commissioned projects, the TaiwanICDF receives funds from the MOFA to be used in managing overseas missions. In 2006, the TaiwanICDF was, for the first time, commissioned by the MOEA's Bureau of Foreign Trade with the planning and execution of the APEC Digital Opportunity Center project (ADOC). It also cooperated with the National Science Council (NSC) in conducting the 2006 Taiwan Tech Trek Orientation Program, which offers short-term work experience to foreign students of Taiwanese descent.

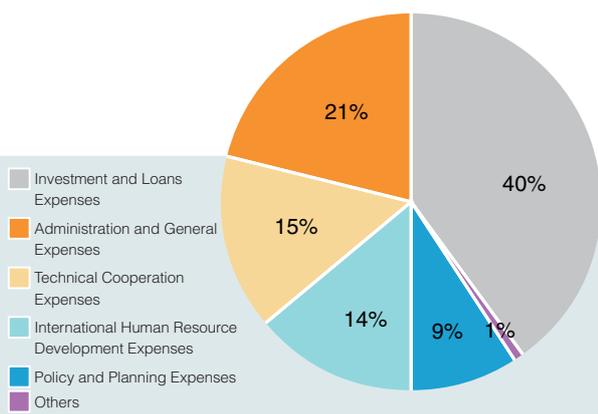
In 2006, income from government-commissioned projects was NT\$1.62 billion, including NT\$1.53 billion associated with the MOFA's international technical cooperation projects, NT\$83 million related to the ADOC project, and NT\$9.03 million for the Taiwan Tech Trek Orientation. After carrying out the aforementioned projects, the TaiwanICDF had a surplus from the ADOC Project of NT\$1.19 million. Income from the TaiwanICDF's general fund stood at NT\$564.36 million, a rise of 3.24% from NT\$546.63 million in 2005. Expenditures amounted to NT\$440.88 million, a rise of 17.47% from NT\$375.32 million in 2005. In 2006, the TaiwanICDF began adopting the Statements of Financial Accounting Standards No. 34 ("Accounting for Financial Instruments") and No. 36 ("Disclosure and Presentation of Financial Instruments") in the accounting treatment of financial products. This led to an accumulative effect of changes in accounting principles of NT\$6.95 million.

The organization's net income in 2006 was NT\$131.62 million, which was a decline of NT\$39.69 million from 2005's NT\$171.31 million. Nonetheless, this was significantly higher than the originally budgeted for figure of NT\$24.92 million. The income and expenditures associated with the general fund for 2006, and for the period between 2002 and 2006 are indicated in the three charts below:

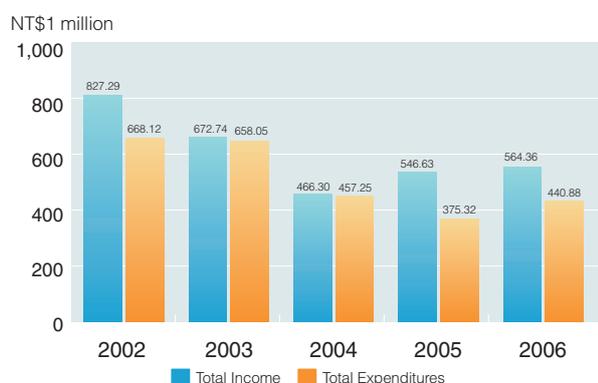
Income Associated with General Fund in 2006



Expenditures Associated with General Fund in 2006



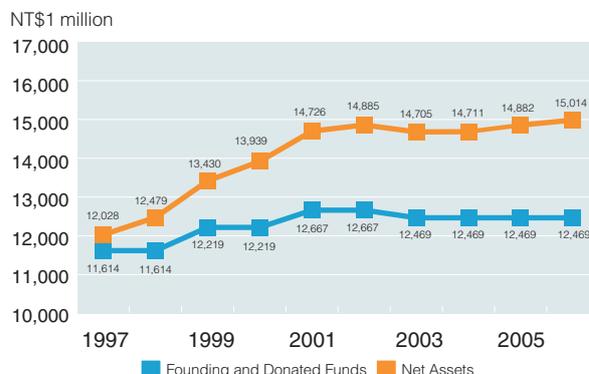
Income and Expenditures Chart for 2002-2006



Fund Utilization and Net Assets

As of the end of 2006, the fund's net value was approximately NT\$15.014 billion, comprising the founding and donated fund of NT\$12.47 billion at the time of inception, and accumulated earnings of NT\$2.55

Fund Net Assets Trend Chart



billion. This was a 0.88% rise from the end of 2005, amounting to about NT\$131.62 million. The net assets trend is shown in the chart above.

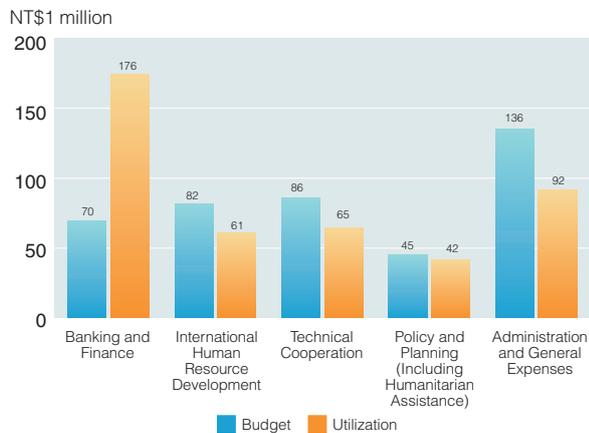
In 2006, the TaiwanICDF's total assets stood at approximately NT\$15.32 billion, including liquid assets of about NT\$8.85 billion, net long-term investments and loans of NT\$5.58 billion, fixed assets of NT\$10.22 million, and other assets of NT\$882.32 million. The main financial resources used to acquire assets are the founding and donated funds with a net value of NT\$15.01 billion, and liabilities of NT\$329.8 million.

Budget Execution

In 2006, the TaiwanICDF received NT\$1.358 billion from the MOFA to conduct international technical cooperation operations. Of this, the budget for overseas missions came to NT\$1.235 billion. Meanwhile, the total funds to operate 14 commissioned projects, such as the Malaria Eradication Project in Sao Tome and Principe, was NT\$131.04 million, while training for servicemen in the Taiwan Youth Overseas Service was NT\$47 million, bringing the total budget for commissioned projects to NT\$1.536 billion. The actual amount of funds used in these projects was NT\$1.532 billion, equivalent to a utilization rate of 99.73%. The amount of funds used for overseas missions was NT\$1.242 billion, translating to a utilization rate of 100.57%.

Of the TaiwanICDF's general fund, expenditures amounted to NT\$436.52 million, compared with a budget of NT\$419.3 million, equivalent to a utilization rate of 104.11%. This was due to recognized bad debts, which were higher than anticipated this year. The following chart shows the budget utilization of the general fund in 2006.

Budget Utilization of the General Fund in 2006



Administration Management

In 2006, the TaiwanICDF's administration management focused on "innovative operations," "sophisticated management," and "integrating resources" in order to meet the continued growth in the organization's operations. Standardized internal procedures, controls, and the implementation of a balanced scorecard performance management system are boosting administrative efficiency.

Human Resource Management

In today's knowledge-based economy people are an organization's most important assets. An organization must be able to adapt to internal and external changes. Therefore, the ability of an organization's staff to make adjustments to meet those needs is the crux of human resource management.

The focus of human resources management in 2006 was on revising the articles governing the management of staff in overseas missions, in order to provide them with labor insurance. Meanwhile, the TaiwanICDF holds workshops in management as well as specialized training for employees, to boost the expertise of its workforce, and to have a trained group of people ready to assume responsibilities during operational transitions. The following outlines the major activities of the TaiwanICDF's human resource management:

1. Improving the Recruitment and Training Process

(1) Creating a Training Project for Returned Overseas Servicemen

The TaiwanICDF has inaugurated a program to

train Taiwan Overseas Servicemen who have already completed their service abroad, preparing young men with potential to become future specialists in foreign technical cooperation. In 2006, six men were accepted into the program, and dispatched to Taiwan agricultural research and extension stations for three-month periods of specialized training. This group passed the first stage of evaluation in specialized production and marketing training in the middle of November, and the servicemen were sent to six technical missions for a five-month period of learning on the job.

(2) Establishing Scholarship Programs for Future Overseas Personnel

The TaiwanICDF has established scholarship programs to provide for Taiwanese postgraduate students majoring in agriculture. The programs are intended for students interested in international development cooperation, and operate in cooperation with National Taiwan University and National Chung Hsing University. In the middle of November, five master's students were accepted into the programs. It is hoped that the curriculums and research resources provided at the universities will strengthen the theoretical background of the participants. Meanwhile, arrangements will be made for them to take part in fieldwork during summer and winter vacations.

(3) Adopting a Centralized Recruitment System

In 2006, the TaiwanICDF adopted a centralized recruitment system. The aim is also to provide the needed manpower amid any transition to new projects in overseas missions, and to prevent gaps when new staff step into vacancies. Recruitment of new staff is undertaken six months prior to the retirement or resignation date of employees. This project operates in conjunction with the Training Project for Returned Overseas Servicemen, and the Scholarship Programs for Future Overseas Personnel, and has helped the organization complete plans to fill all posts for staff leaving or retiring up to December 31, 2007.

2. Holding Specialized Education and Training Courses

(1) Strengthening the Ability to Process Information

The TaiwanICDF held courses to train employees in the use of software such as Excel and Power Point,

in order to hone their abilities to provide briefings and perform statistical analysis. A total of 32 people were trained in these courses.

(2) Cultivating General Project Management Ability

In light of the rapid growth in the volume and turnover of information, project managers must have the ability to make sense of an array of complicated data. To this end, the TaiwanICDF held a course for 25 mid-level managers. In addition, 28 employees involved in administration, and/or project assistants, took a course in applied skills in project management. This boosted the abilities of staff in general project management.

(3) Advancing Development Project Management Ability

The TaiwanICDF held a lecture series on project design and monitoring to enable staff to thoroughly understand project management methodologies in international development agencies. A former senior project manager at the Asian Development Bank (ADB) was invited to speak on concepts and procedures in the project cycle for development work. The lecture focused on design, implementation, and monitoring, and provided various case studies. A total of 30 people participated.

(4) Strengthening Technical Mission Management Ability

The TaiwanICDF held a conference and group camp for overseas mission leaders to boost their management abilities and prepare for broader cooperation in other areas in the future. In all, 36 mission leaders returned to Taiwan to take courses in strategic management, project management, and the management and use of agricultural intellectual property. Case study analysis, site visits, and practical drills, were included in the course to help the trainees better absorb the information.

Internal Administration Management

A balanced scorecard system provides performance indicators in terms of finance, internal processes, customers (employees), and organizational learning and growth. In 2006, a key goal was to boost administrative capacity, and implement comprehensive strategic planning. The focus of this work and its effectiveness is detailed below:

1. Completing Annual Procurements on Schedule

The 2006 procurement plans for overseas technical

and medical missions were completed by the end of June. While procurements in 2006 increased by over 240 items from 2005, the time needed to carry out procurement procedures was reduced by 33%. The key to this was the appropriate allocation of manpower, and following standardized procedures. This enabled the missions to receive goods and materials needed to implement their projects with minimum delay.

2. Computerizing Administration Management

The TaiwanICDF began to establish a number of administration management systems as early as 1999. In 2006, it set up the Enterprise Information Portal (EIP), and a budget management system in order to computerize administrative procedures. The establishment of the EIP has helped to simplify procedures for general affairs, such as requisition of stationery, procurement of miscellaneous items, and expense claims. The EIP has had an impact on operations by helping to cut down on paperwork, and save time. This has allowed us to better administer budget expenditures, appropriately allocate internal resources, and boost administrative efficiency, in addition to achieving transparency in the TaiwanICDF's service management mechanism.

3. Creating People-oriented Work Spaces

The TaiwanICDF began a large-scale overhaul of its office space in January 2006, in order to meet the needs of its rapidly growing operations. Redesigning work was undertaken to make the most effective use of office space, and the library was also renovated in order to offer a better environment for study and communication. The new library provides unfettered access to a network of information, and a large number of development-related books were added. This has helped to create the perfect environment for research and the exchange of knowledge.

4. Establishing an Electronic Knowledge Management Platform

This is a medium-term goal in the wake of reorganizing the space and function of the library. Integrating the intellectual property and project experience of the organization will produce a comprehensive education and training mechanism, enabling the

Outstanding Personnel and Missions in 2006

Outstanding Personnel	
Best Supervisor	Ms. Cathy Wang, International Human Resource Development Department
Best Staff Members	Mr. Bruce C.J. Lee, Technical Cooperation Department
	Ms. Huang Pi-yun, Accounting Office
Distinguished Staff Member	Mr. Liu Ting-jung, Administration and Management Department
Best Overseas Mission Leader	Mr. Hsiang Shui-sung, Technical Mission in Guatemala
Best Overseas Mission Personnel	Mr. Lee Song-pey, Technical Mission in Tuvalu
	Mr. Lee Chang-pey, Technical Mission in Burkina Faso
	Mr. Chang Ming-cheng, Technical Mission in Guatemala
Best Overseas Mission	
Technical Mission in Honduras	

TaiwanICDF and its employees to grow simultaneously. As each individual accumulates a body of specialized knowledge, an organization-wide system of international development-related research can be created.

Information Management

The TaiwanICDF has set a goal of establishing an

effective information platform. With an emphasis on information security, the organization has implemented improvements, creating an array of electronic forms, and simplifying existing operational and documentation procedures. In 2006, the TaiwanICDF's information management work focused on the following areas:

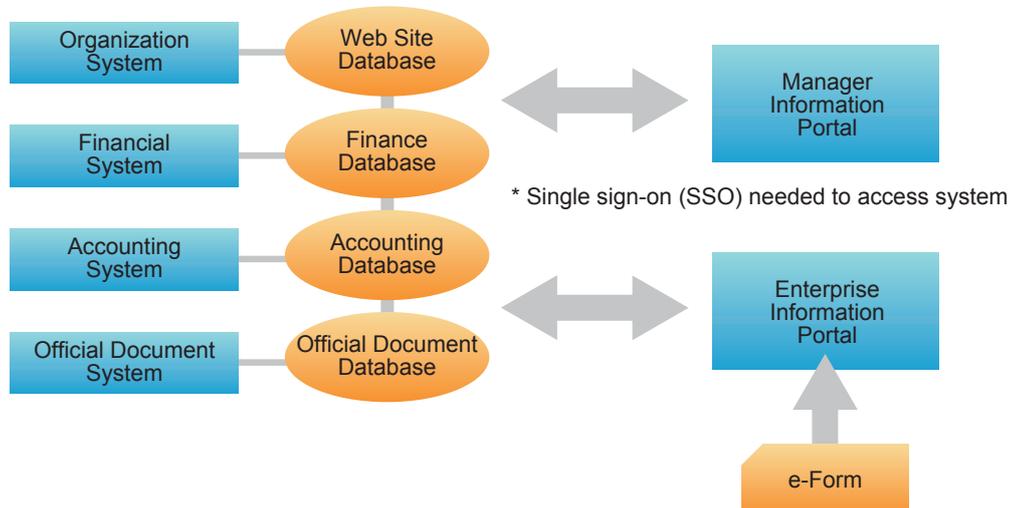
1. Integrating the Existing Information Systems

The TaiwanICDF began establishing information applications and systems in 1999 to boost work efficiency. These included official document and file management; accounting and payment management; human resources management, and international human resources training management; financial assets management; investment and lending management; and overseas technical mission information management systems. Meanwhile, the creation of the EIP in 2006 has helped the organization to integrate and coordinate information among all those systems. It has been used to establish a budget management system, and a managerial decision-making support system.

2. Setting up an Inventory Management System

The EIP platform employs e-forms for use in goods procurement, quality assurance, applications, logging receipt of goods, and inventory management. This offers users a convenient way of applying for, and receiving items, and simplifies the work of managers.

Information Integration Service Model Diagram



3. Strengthening Information security

Using existing firewalls and anti-virus systems, the TaiwanICDF has established a management system that utilizes five information-secure forms. Every day, thorough examinations of each individual’s firewalls and information hardware are undertaken, and any virus infection or Web site safety threat is noted. Each week, information hardware is scanned to uncover any weaknesses.

Auditing

The TaiwanICDF’s auditing operations are directed at examining internal operations, and providing suggestions on how to improve operational efficiency and performance. Audit results are provided to high-ranking managers, and the departments audited for reference. Measures to amend operational procedures or internal controls are recommended in the event of changes in internal or external circumstances. These measures help the TaiwanICDF to meet operational development needs and improve internal governance.

Audits

The Board of Directors and Supervisors approved 15 planned audits in 2006, while 22 extraordinary audits were ordered by high-ranking managers. The main focus was on two areas: high-risk operations, and cases that had not been frequently audited. Audits also focused on topics pinpointed by the government’s supervisory and auditing agencies, and the TaiwanICDF’s highest level of managers.

The planned audits for 2006 were as follows: Four related to operations, three to information, two to treasury, two to internal controls, one to human resources, one to assets, one to accounting, and one to financial affairs. The composition of these audits is shown in the following chart.

In terms of extraordinary audits for 2006, ten were related to human resources, five to operations, three to procurements, two to accounting, one to information, and one to treasury. The breakdown is shown in the following chart.

Results of Audit Work

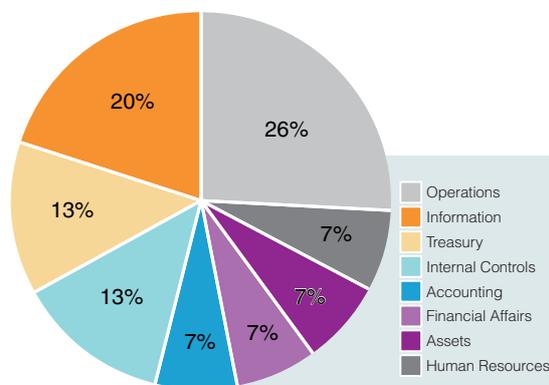
In 2006, the audits yielded a total of 113 suggestions: 72 on operations, 15 on accounting, 10 on

information, three on financial affairs, two on internal controls, one on assets, and 10 on personnel.

After providing suggestions for improvement to high-ranking managers for approval, auditing staff continues to monitor whether the audited departments have implemented them. Of the 113 recommendations provided in 2006, improvements have been completed in 106 cases, while measures are still being taken to rectify the situation in seven cases.

The results and suggestions of the audits in 2006 will strengthen the TaiwanICDF’s internal controls, as well as inter-departmental examination. The audits will enhance risk consciousness among employees, and the safety of the organization’s assets. They will also help the audited departments to examine their operational procedures and rules, and boost awareness among employees in abiding by internal controls, guaranteeing the reliability of financial and operational information.

Breakdown of Planned Audits in 2006



Breakdown of Extraordinary Audits in 2006

