

# 4

# Administration



## Research, Development And Evaluation



Just as the height of a tree is determined by the depth of its roots, to respond to the international community's call for aid effectiveness we at the TaiwanICDF believe that we can only help partners reach their highest goals by really getting to the bottom of what it is they need.

As such, we recently set out our own 10-year vision to “become the best partner for sustainable development by 2022.” We also initiated process reengineering in addition to introducing theoretical methodologies such as the project cycle and a design and monitoring framework (DMF), and have established a Research, Development and Evaluation Office, which is primarily responsible for strategic planning and the promotion of performance appraisal work.

### Process Reengineering: Raising Performance

The purpose of process reengineering is to allow an organization to rethink the fundamental and functional processes underpinning its operations, redesigning operations in order to improve performance. Implementing a project cycle makes this process even clearer, and a DMF provides tools to support project analysis and management, helping project design, monitoring and evaluation, and thereby improving the quality of a project's design and implementation.

The DMF has already become a common methodology and an important tool for major international aid agencies during the design, management and appraisal of development projects. To ensure that theoretical know-how can be used for practical effect and to establish a common language, in addition to referring to the measures taken by international organizations and to related discussions, we have drafted a Project Cycle Handbook and a Project Evaluation Handbook conforming to the scope and characteristics of our own projects. We have also provided related workshops for own staff, for officials in our partner countries and for professional personnel, cultivating expertise in project management and planning, and promoting effective communication.

### Post-evaluation Systems: In Step with International Practices

Post-evaluation represents the final step in the various phases of the project cycle. The completion of this phase decides the outcome and experiences of project implementation and determines whether we were able to make an effective contribution toward the design of partner's future projects, and to their policy development and resource allocation. Ultimately,

therefore, this also determines whether we have acted consistently with the principles of the Paris Declaration. To study the practices of other international organizations, we dispatched a member of staff to participate in the World Bank's International Program for Development Evaluation Training at Carleton University in Ottawa, Canada. Our Project Evaluation Handbook was written on the basis of the principles we learned by attending this event.

In addition, we have already put our dedicated project management system online. Once digitized, processes have become more transparent and easier to manage, and through repeated trials and readjustments we have already worked out the optimum patterns of internal communication and project management.

We have also developed 28 performance indicators relating to objectives and practices. These are arranged into three main levels: "development results," such as the yield and value of a partner country's agricultural production; "operational effectiveness," such as the results of project evaluation; and "organizational efficiency," such as the competencies of TaiwanICDF personnel and the utilization rate of funding employed.

In addition to giving personnel more

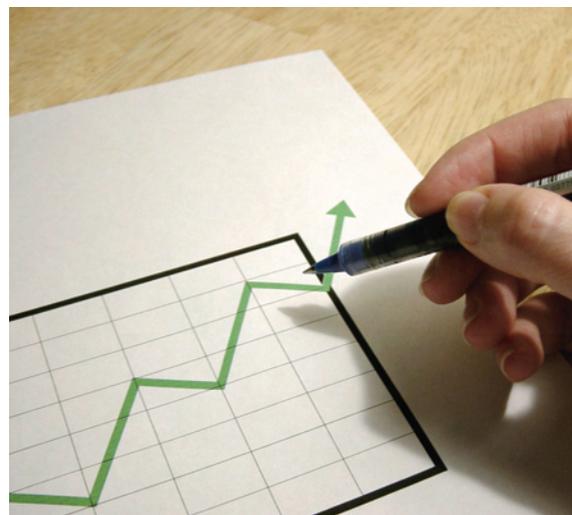
concrete objectives, this really helps us to measure progress, to see whether we have the right tools for the job, and to review future objectives.

A journey of a thousand miles begins with the first step. To promote our new systems and amass a high degree of consensus within our organization, we have spent three years ensuring that our staff have been part in both discussions and the implementation of these systems.

Faced with the changing trends of development assistance and a diverse array of international challenges, we have taken action, performing review and reengineering processes, and pragmatically advancing step by step toward the TaiwanICDF's vision.

## Financial Management

Financial management at the TaiwanICDF is designed to accomplish our guiding philosophy of "progress, development and humanity," to promote our various aid operations and development projects and to achieve our objective of operating sustainability. We aim to safeguard funds and assets, and to pursue stable returns, so that we are ready to provide the funds required to implement our development projects and operations at all times.



As such, we undertake our financial planning according to two principles emphasizing the prudent and conservative allocation of funding and the need for security over income. Upholding conservative asset allocation has allowed us to withstand financial risks and pursue earnings exceeding projections.

## Fund Utilization

The TaiwanICDF's fund balances (the Fund) are derived predominantly from two sources: the founding fund and donated fund; and accumulated earnings.

The Fund is used to engage in reimbursable international cooperation and development projects, such as long-term investment and lending development projects. An uncommitted portion of the Fund is set aside and invested in a portfolio of financial instruments including bonds, bank deposits, short-term investments and exchange-traded funds, so as to increase sources of revenue.

Annual earnings are derived from interest and revenues accrued both from long-term investment or lending development projects and from investments in financial instruments, and are used to finance technical cooperation projects on a non-reimbursable basis, as well as operational expenses.

As of December 31, 2013, the total outstanding amount for long-term investment and lending development projects comprised 38 percent of total fund balances, while 62 percent was allocated to a portfolio of financial instruments (financial investments).

Accounting for commitments made but not yet outstanding, long-term investment and lending development projects comprised 54 percent of total fund balances, while 46 percent was allocated to financial investments. During the year, long-term investment and lending development projects yielded returns of 1.89 percent; financial investments yielded returns of 1.58 percent. The overall rate of return for the Fund, excluding foreign exchange gains (losses) and other income (expenses), was 1.69 percent. Accounting for foreign exchange gains (losses) and other income (expenses), the overall rate of return for the Fund was 1.74 percent.

Figure 6

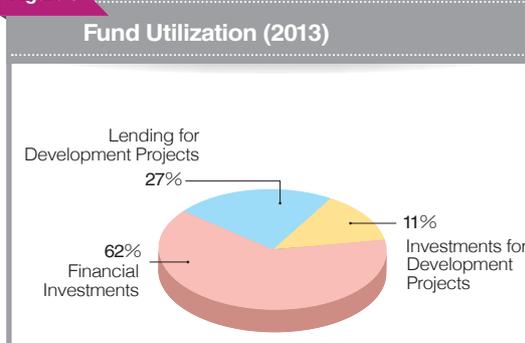
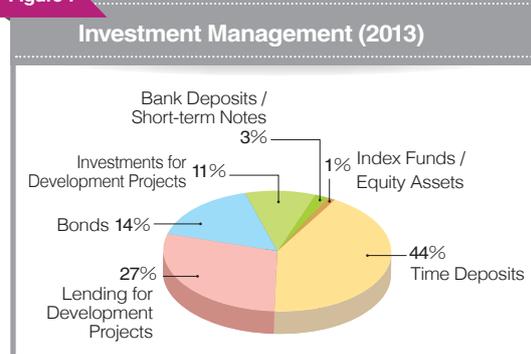


Figure 7



Annual revenue, excluding foreign exchange gains (losses) and other income (expenses), was NT\$267.07 million. Accounting for foreign exchange gains (losses) and other income (expenses), annual revenue was NT\$274.50 million, an increase of NT\$48.32 million compared to NT\$226.18 million for 2012.

## Management of Long-term Lending And Investments

As of December 31, 2013, the TaiwanICDF was committed to 13 long-term investment projects, for which the balance of investments stood at US\$51.37 million and NT\$124 million. The organization was also overseeing 83 lending development projects with commitments amounting to US\$480.15 million and €56.55 million. Accumulated loan disbursements stood at

US\$466.18 million and €20.84 million, equivalent to 88.58 percent of commitments; total principal repayments stood at US\$350.22 million, equivalent to 70.58 percent of all funds extended. In 2013, the rate of return on lending development projects remained at 2.67 percent, the same as for the previous year, while the rate of aggregated return on both lending development and long-term investment projects fell to 1.89 percent from 1.96 percent in the previous year.

Annual revenue derived from lending development and long-term investment activities was NT\$112.35 million, a difference of NT\$2.34 million compared to NT\$114.69 million for 2012. At the end of 2013, allowances for bad debts of NT\$124.33 million were made (covering receivables, long-term loans and collections) in compliance with the organization's provisions on long-term loans, receivables, overdue payments and other asset classes and reflecting the quality of certain assets.

### Management of Uncommitted Funds

The financial investment of the uncommitted portion of the Fund is designed to increase the efficiency with which funds are used and thereby increase the TaiwanICDF's revenues. Financial investments focus mainly on fixed-income assets,

supplemented by long-term holdings of equities.

The TaiwanICDF's fixed-income assets include bonds and time deposits. With bonds denominated in foreign currencies earning higher yields than those denominated in NT dollars, layout during the past year mainly involved purchases of foreign currency bonds, which allowed for an increase in income: Yields on bonds rose to 3.05 percent from 2.27 percent in the previous year.

In terms of our investment strategy for equity assets, we pursued holdings of available-for-sale assets, seeking stable returns in replacement for assets yielding volatile capital gains.

Overall, yields on financial investments, including exchange gains (losses) and other gains (losses), fell to 1.58 percent from 1.64 percent in the previous year. Annual revenue derived from financial investments fell to NT\$154.72 million from NT\$160.66 million in the previous year, a difference of NT\$5.94 million. However, this annual revenue derived from financial investments of NT\$154.72 exceeded its annual target of NT\$135.86 million by NT\$18.86 million.

---

## Accounting Management

The TaiwanICDF's revenues are derived predominantly from interest accrued on the Fund, interest from lending operations and funding for government-commissioned projects. Interest accrued on the Fund and interest from lending operations mainly support routine operations, including technical cooperation projects, humanitarian assistance, scholarship programs and workshops. It also supports the TaiwanICDF's

own administrative, management and general expenses. MOFA provides the majority share of funding for government-commissioned projects to support the operation of overseas technical and medical missions, and specially commissioned projects.

In 2013, operating revenues and non-operating income and gains amounted to NT\$1.34 billion, of which NT\$1.06 billion was allocated

for commissioned projects, a decrease of 8.94 percent from 2012. Revenue generated through the use of the Fund was NT\$281.01 million, a decrease of 6.43 percent from 2012, of which interest on fund investments comprised the largest share (53%), followed by revenues from lending and investment operations (40%) and gains on sales of investment (cash dividends) (2%), with other revenues representing the remaining share (5%).

Expenditures for 2013 were NT\$1.44 billion, of which NT\$1.06 billion was for commissioned projects. Expenditures made through the use of the Fund were NT\$382.49 million, an increase of 1.23 percent from 2012.

Expenditures exceeded revenue by NT\$101.48 million during 2013, representing a difference of NT\$23.95 million from the NT\$77.53 million excess of revenue over expenditures in the previous year. This was mainly due to an increase in expenditures associated with lending and investment operations; the introduction of the Postgraduate Medicine Program, which increased expenditures associated with international education and training operations; and the expansion of the scope of our South Sudan project, which increased expenditures associated with humanitarian assistance operations.

### Fund Utilization and Balance

As of December 31, 2013, the net balance of the Fund was NT\$15.74 billion (including founding and donated funds of NT\$12.47 billion, accumulated earnings of NT\$3.25 billion and unrealized gains on financial instruments of NT\$20.36 million). This represented a decrease of 0.53 percent, or NT\$83.37 million, from the end of 2012.

As of December 31, 2013, total assets stood at NT\$16.14 billion, of which current assets comprised the largest share (53.35%), followed by long-term loans and investments (46.55%), fixed assets (0.09%) and other assets (0.01%). The organization's total liabilities were NT\$395.02 million and the total balance of all funds (the Fund plus accumulated earnings) was NT\$15.74 billion.

Figure 8

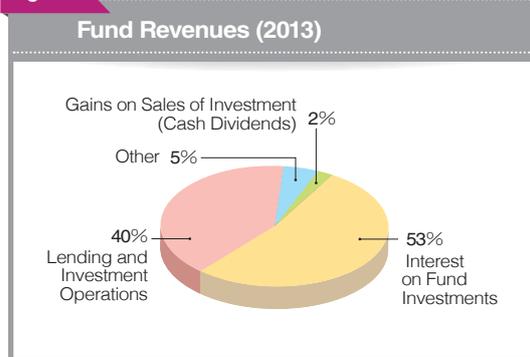


Figure 9

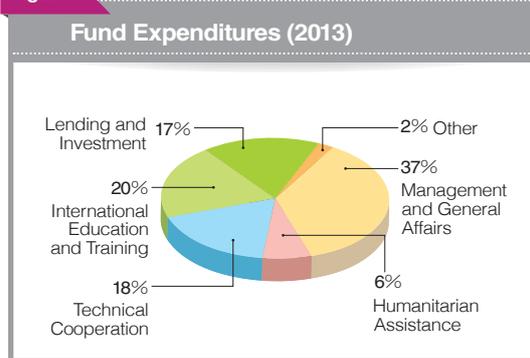
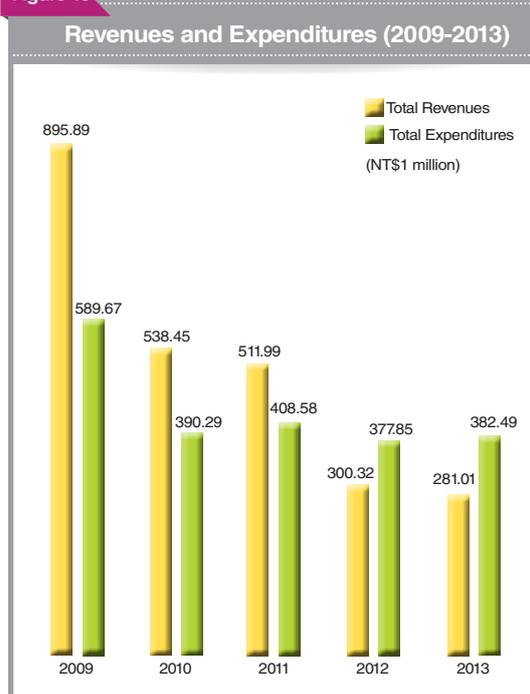


Figure 10



### Budget Execution

In 2013, MOFA contracted the TaiwanICDF to carry out overseas operations worth NT\$1.16 billion, of which NT\$624.12 million was budgeted for operating expenses at overseas technical and medical missions. A budget of NT\$107.14 million was also allocated to four projects relating to specific overseas missions and NT\$46.4 million was allocated to training and continuing education in Taiwan for technical personnel from our partner countries. We were also contracted to implement 37 projects worth NT\$338.86 million, including the Capability Enhancement in Using Geographic Information Systems in Central

America Project, the Feed Production Project in Paraguay, an expanded International Higher Education Scholarship Program, and the Morotai Development Project in Indonesia. NT\$44.82 million was also allocated to training servicemen in the Taiwan Youth Overseas Service.

Overall, the total budget for MOFA-commissioned projects was NT\$1.06 billion, equal to an implementation rate of 91.02 percent.

Operating expenses (excluding expenses for contracted projects) amounted to NT\$375.98 million. This compares with a budgeted plan of NT\$409.52 million, equal to a utilization rate of 91.81 percent.

## Human Resources



### Reengineering Our Organization, Upgrading Operational Efficiency

The restructuring of the TaiwanICDF's organizational framework in mid-2010 originally led to the formation of five departments and seven offices. To continue to improve organizational

efficiency, 2013 saw us engage in a second round of reforms, including: (1) the establishment of the Research, Development and Evaluation Office, to strengthen our capacity in strategic planning and performance evaluation; (2) the broad integration of all of our technical cooperation operations by incorporating new

technical assistance previously conducted by the Humanitarian Assistance Department into the Technical Cooperation Department, and the adoption of the project cycle within the department by dividing its operations into two divisions, namely a Project Evaluation Division (for phases prior to project implementation) and a Project Management Division (for project implementation and subsequent phases); (3) the incorporation of the Information Technology Office and its operations into the General Management Department, continuing to deepen the extent to which the TaiwanICDF's administration and management operations are handled through networked systems; and (4) the renaming of the Personnel Office to "Human Resources Office," to more accurately reflect our efforts toward and expectations of professional human resources.

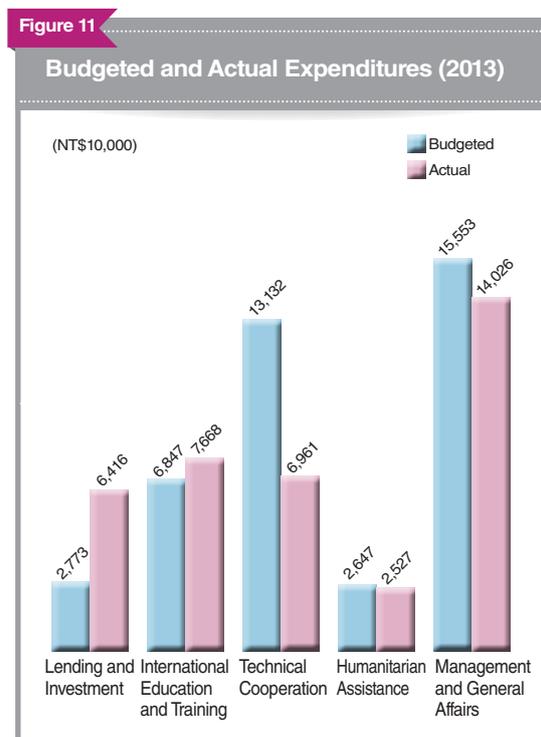
### Becoming Target-oriented, Improving Professional Standards

In terms of focusing on capacity building among the TaiwanICDF's domestic personnel

through 2013, after compiling an inventory of the organization's functional components, we began to focus on the gaps in the staffing of such functions, and suggested targeted training. We ran a much higher number of professional courses than before, including classes on problem analysis and resolution, financial analysis, interpreting English-language contracts, and information security. We also continued to provide a well-rounded general education and training for new employees.

Meanwhile, to reinforce the tools available to colleagues' in learning a second foreign language, we initiated a training program dedicated to nurturing Spanish-speaking staff, a project-oriented, intensive course designed to cultivate capacity in Spanish speaking and reading. When colleagues who attended this program are dispatched overseas, they will now be able to supervise the implementation of projects more effectively, and have no problems in communicating with their local counterparts.

In terms of training for overseas personnel, given the outcome of previous experiences, we organized a second two-week TaiwanICDF Mission Leaders' Conference, continuing to strengthen overseas colleagues' use of the proper concepts of the phases of the project cycle, and safeguarding the effectiveness of projects.

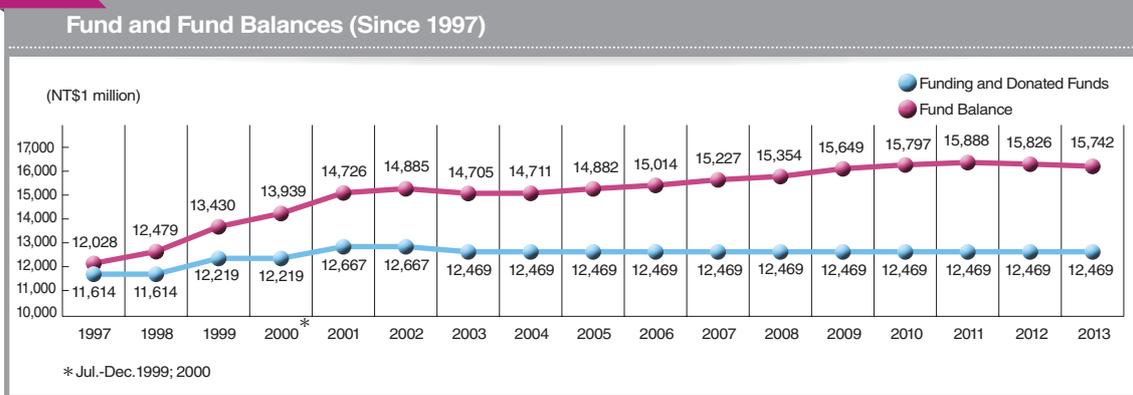


### Raising Strength by Recruiting First "Research and Development Substitute Services" Group, Increasing General Posts

In terms of the overall strategic planning of human resources, we effectively employ servicemen with research-oriented expertise in order to meet the government's policy objectives, and to cultivate new talent and specialist human resources. This year was the first time that we recruited eight servicemen whose expertise included finance, agricultural economics, enterprise management, education, aquaculture, information engineering and law.

In addition, all of our projects must follow the project cycle, and all of our management processes must be linked to support the identification, preparation, appraisal, approval, implementation, completion and post-evaluation

Figure 12



phases employed as part of development projects. It had become evident that we had insufficient staff, and after discussing this issue during board meetings, our total headcount rose by 12 members of staff in the past year, thereby raising the overall strengths of the TaiwanICDF.

At the end of 2013 we had 31 projects that had reached their objectives and which were or will now be transferred to local cooperating units. As such, during the past year we began to carry out a number of activities needed for the proper planning of overseas staffing. Firstly, we implemented personnel rotation, reassigning

three overseas personnel to positions as project managers at our Taipei headquarters; secondly, we continued to improve overseas colleagues' know-how, bringing six people back to Taiwan to take part in training in project management and professional and technical capacity building; and thirdly, we brought forward the transfer of 44 overseas personnel to other Taiwan Technical Missions or new projects.

## Auditing

In order to strengthen corporate governance and associated duties and responsibilities at the TaiwanICDF, the 63rd Board Conference approved the assignment of the Auditing Office as an independent unit reporting directly to the Board of Directors effective as of January 1, 2013.

Auditing at the TaiwanICDF is designed to strengthen risk management and safeguard the security of assets at the organization. Auditing assists the Board of Directors and the Board of Supervisors to examine the effectiveness of internal controls, to measure and appraise the efficiency and effectiveness of operations

management, and to identify actual or potential deficiencies. Audits provide managers and departments with timely suggestions for improvement, and follow-up measures are implemented accordingly, to safeguard the effectiveness of fund management and to ensure operations are conducted transparently and systematically.

### Key Auditing Operations

Key auditing operations at the TaiwanICDF include: (1) Examining the accuracy of financial

and operational information, and the security of the management of capital, data and various securities; (2) examining internal operations and determining whether procedures have followed relevant policies, regulations and procedural guidelines; (3) examining whether assets at the TaiwanICDF, overseas missions and those allocated to projects are being utilized effectively and are correctly itemized; (4) examining whether completed operations and projects met their intended objectives and achieved the results anticipated; (5) investigating projects and making onsite visits to overseas missions to examine the status of internal controls, as well as the performance of projects under implementation; (6) appraising operations relating to the TaiwanICDF's key reforms over recent years and examining the progress and performance of the organization's annual work plan to ensure that its objectives are realized efficiently and effectively; and (7) reviewing the internal control systems by which each unit performs its own supervision and monitoring to ensure the integrity and results of associated reports compiled for the Board of Directors.

### Audits in 2013

A total of 40 audits were conducted in 2013, including 39 cases allocated by either the Board of Directors or Board of Supervisors, and one extraordinary audit conducted at the request of the Chairman. The content of these audits, representing issues of concern to senior management and auditing units, focused on risks and internal controls.

Audits for 2013 were as follows: 17 related to operations; five to accounting; four each to cashier operations and asset management; three to internal controls; two each to financial management and personnel; and one each to information management, procurement and extraordinary audits.

### Results of Audits

In 2013, audits yielded a total of 123 suggestions: 49 on operations; 22 on cashier operations; 12 on services management; eight each on asset management, procurement and

Figure 13

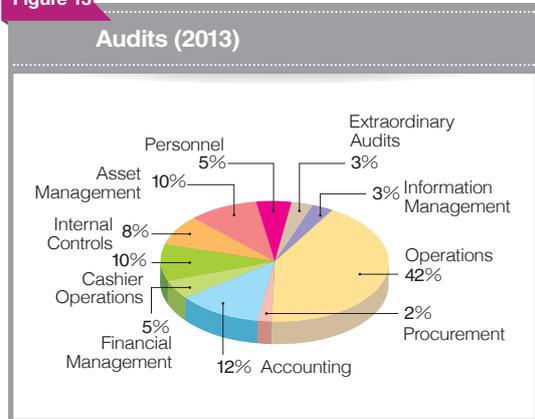
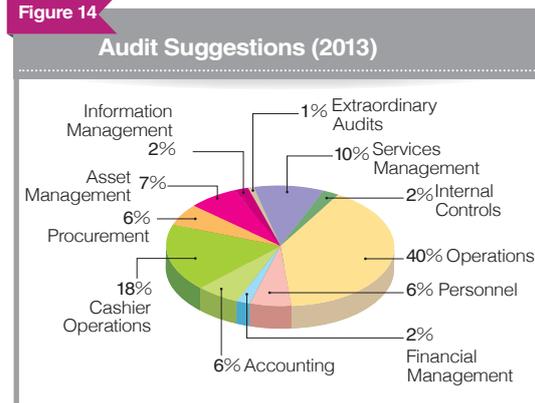


Figure 14



accounting; seven on personnel; three each on financial management and internal controls; two on information management; and one on extraordinary audits.

Audits and subsequent conclusions were aimed at strengthening internal controls and communication between departments, raising colleagues' awareness of risks, guaranteeing the safety of the organization's assets and ensuring the reliability and accuracy of financial and operational information.

## ICT: Digitizing Our Organization

The second level of our Vision 2022 Core Strategies and Medium-term Corporate Results Framework, which governs our operation effectiveness, includes a specific objective devised to address the continued promotion and monitoring of ICT and online services within our organization: “Fully integrate ICT and online services, and improve the quality of management decisions (utilize ICT).” As part of this, we have designed two performance indicators that will help to measure the state of ICT and online services at the TaiwanICDF: “Data transmission between overseas and domestic units (MB)” ; and “Utilization of information systems (%)”.

By the fourth quarter of 2013, the total amount of data transmission between our overseas and domestic units had risen to 9,709 MB, exceeding the target set for the year of 7,000 MB (139%). In terms of the utilization of information systems, assessment covered seven sub-indicators, namely Operational Management, E-workflow, Human Resources Management (HRM), Corporate Website and Customer Relations Management (CRM), E-learning, Knowledge Management (KM), and Project Management (PM). This indicator also achieved its predetermined annual target, the results of which are discussed below.

### **E-Workflow for Higher Efficiency**

We've introduced an online, computerized system to sign off official documents since 2007. With the exception of confidential papers and files enclosing physical items, all of the documents we handle can be signed off online, speeding up the process and increasing efficiency, as well as reducing printing and paper wastage, and achieving the digitization of public files. As of the end of November 2013, almost 100 percent of our documents were being signed off online, far

exceeding similar averages measured at other public agencies.

To date we have developed 29 e-forms in five categories: human resources, general affairs, systems, budgeting and miscellaneous. This means that the majority of paper forms used at our organization can now be accessed and completed online, which is reducing our carbon footprint, and has brought improvements to the transparency of processes and the digitization of data.

To expand these benefits and to deepen the use of e-forms in upgrading the quality of our operations, we organized three rounds of training this past year, completing the process of building common functionality into our forms and significantly reducing development time of new forms from weeks down to a few days.

### **Knowledge Management Platform Sharing Abundant Know-how**

Through its integrated search engine and by combining a range of e-forms and our operations management system, our knowledge management platform, which was completed and has been in use since 2009, provides an integrated data storage and retrieval interface that serves as a store of operational knowledge, experience and accumulated organizational memory. It has also assisted us in controlling operational processes, and, as such, is now the starting point in every colleague's working day.

At present this knowledge management platform provides 36 services, including the latest knowledge documents, back-to-office reports, multimedia, discussion boards, news, and blog posts. Thanks to the process of sharing and exchange, the platform is rich in content, presently holding 1,500 knowledge documents, 160,000 shared files, 1,200 items of specialist

information and more than 400 multimedia data, efficiently accumulating, converting and applying the key lessons we have learned at home and abroad. The integration of these internal and external sources of knowledge forms the basis and support for the development of our own operations, allowing us to remain informed of trends in foreign aid and improve our competitive advantages.

Thanks to the efforts of recent years, this process of digitization at the TaiwanICDF has even attracted the attention of a number of graduate students on our International Higher Education Scholarship Program, who have made our knowledge management the focus of their theses and research.

### **Using a Work Plan Management System to Implement the Project Cycle**

Given the importance being attached to aid effectiveness and institutional accountability worldwide, we are placing more and more emphasis on controlling the phases of the project cycle, which we hope will maximize the impact we bring to partner countries' economic and social development. This year, we have simplified project operations and processes by building a work plan management system, allowing us to follow the concept of the project cycle through the use of real-time controls.

At present all of our work plans have been planned and are subsequently processed through this system. In the coming years we will incorporate all of the processes of the project cycle into its operations, including the drafting of project concepts, DMF planning and the organization of project timetables, as well as the incorporation of feedback from post-evaluation into new projects, offering standardized operational methods, while also providing executive officers and research units with a systematized platform for real-time management, allowing control over the progress and results of project implementation.

### **Stable, Safe Storage and an Information Secure Environment**

As part of continued efforts to digitize all

aspects of work at the TaiwanICDF, to ensure that the results of this process of digitization are safely maintained, we first installed high-speed fiber optic storage facilities, expanding storage capacity for systems to 6 TB, and to 25 TB for data. This ensures that storage space satisfies our needs, and has raised the overall effectiveness of our ICT systems, as well as establishing a rapid recovery backup mechanism.

Furthermore, in order to prevent information security risks due to incidents such as data loss or hacking, we have also taken measures to ensure a secure information environment, implementing a range of security measures, internally and externally, and from an individual to a system-wide level. These have included the installation of an online anti-virus system, a system to screen harmful websites, and personal and corporate firewalls, as well as the integration of 24-hour information security monitoring services from an external center. To date these measures have secured our organization from significant security incidents. During the same period, we also installed remote backup systems, increasing data security still further.

### **Deployment of Smart, Handheld Devices Improving Operating Efficiency**

In terms of applications, having improved front-end data retention and back-end data use issues, we have now built a corporate cloud-based storage platform to extend the benefits of our information systems more widely. This allows personnel to rapidly exchange information regardless of location, in order to speed up the processing of official documents, internal communications and data transfer.

All of our personnel who make use of smartphones and tablet computers can now connect to cloud-based storage devices and use the draft documents folder provided as part of cloud services and their network-based storage to quickly exchange data between various locations. Data can also be placed on cloud drives so that when receiving invitations to meetings, the content comes already attached. The recipient's e-mail application will automatically synchronize and send data to the appropriate folder so that when

attending meetings, personnel only need to carry mobile devices back and forth, without needing additional printouts. This is helping us to achieve our goal of holding paperless meetings.

### Cloudification for Worldwide Access

With cutting-edge information technology applications in place, the ICT environment at our headquarters has already been well prepared. To ensure that these endeavors will break down environmental restrictions and are put to use

by colleagues around the world, this year we expanded the construction of a hybrid cloud platform, offering network-based storage in combination with functionality from Dropbox, the world's most popular cloud service. This is providing overseas and internal units with a quick, simple and safe means of exchanging data. We will follow up and continue to promote even more advanced cloud services on this basis.

## Public Communications



To enable direct, effective and timely communications, this year we continued to strengthen publications and promotional materials interfaces, bringing the reality of our operations and how we promote them a little closer. We also improved our online presence, integrated physical and digital resources, raised awareness of the TaiwanICDF by attending international events, and, given our limited resources, looked to give full play to the benefits of public communications.

Strengthening public communications interfaces: This included a new film to introduce the TaiwanICDF and our key development themes. Produced in four languages, the film provides viewers and our overseas guests with a brief overview of our operations, explaining complicated subject matter in clear and simple terms. In terms of the planning and presentation of our annual report, we have sought breakthrough and innovation, increasing environmental

protection and digitization, conducting interviews with beneficiaries, highlighting and focusing on projects and improving accessibility for a general audience.

Improving our online presence: We produced a number of short films in Chinese and English covering themes marked by the UN's international days, which we published on our own website and social networking platforms. We also produced an app providing access to our operations and projects, making our public communication platforms more diverse and direct.

Publicity and promotional events: This year we organized a number of promotional events. We worked with GeoReactivo, a visual platform, to organize an exhibition of photojournalism based around our work, integrating our online and event-planning resources. We also conducted activities with the Executive Yuan's National Youth Commission and the National Science Council. We also cooperated with the OIRSA to organize a Mega-conference on the Phytosanitary

Management of Coffee Rust in Honduras, during which we also set up a booth to promote our organization and showcase our materials, enhancing the visibility of the TaiwanICDF on the international stage.

To cultivate youth leadership and increase contact with students, this year we made use of promotional materials, events and online promotions designed to attract the attention of a young audience towards foreign aid issues. Building concepts from high school and university through to a postgraduate level at a time when young people are still forming their ideas will allow thinking about international development aid to really permeate our nation's campuses, and form a natural extension of strength.

