



Administration



Financial Management

This year's program of financial operations focused on producing safe returns and sufficient financial liquidity to support the TaiwanICDF's operational requirements, all whilst acting in accordance with the organization's investment principles. The principal factors that we take into account as part of our financial management are fund safety, stable earnings and adequate working capital, in readiness to provide the funds required to implement our development projects and operations. Continuing to practice conservative asset allocation in the future will allow us to withstand financial risks and pursue earnings that exceed 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.

To enhance the effectiveness of fund utilization, an uncommitted portion of the Fund is set aside and invested in a portfolio of financial instruments. Such investments mainly take the form of fixed-income instruments, such as bonds, bank deposits and short-term investments, supplemented by a smaller number of risk-bearing instruments in the form of exchange-traded funds.

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, 2014, the total outstanding amount for long-term investment and lending development projects comprised 37 percent of total fund balances, while 63 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 52 percent of total fund balances, while 48 percent was allocated to financial investments. During the year, long-term investment and lending development projects yielded returns of 1.73 percent; financial investments yielded returns of 1.97 percent. The overall rate of return for the Fund, excluding foreign exchange gains (losses) and other income (expenses), was 2.01 percent. Accounting for foreign exchange gains (losses) and other income (expenses),

the overall rate of return for the Fund was 2.43 percent.

Annual revenue, excluding foreign exchange gains (losses) and other income (expenses), was NT\$307.88 million. Accounting for foreign exchange gains (losses) and other income (expenses), annual revenue was NT\$381.00 million, an increase of NT\$106.50 million, or 38.8 percent, compared to NT\$274.50 million for 2013.

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\$58.96 million and NT\$130 million. The organization was also overseeing 84 lending development projects with commitments amounting to US\$482.45 million, AUS\$20.23 million and €56.55 million. Accumulated loan disbursements stood at US\$469.76 million, AUS\$3.07 million and €20.84 million, equivalent to 86.53 percent of commitments; total principal repayments stood at US\$373.23 million, equivalent to 74.30 percent of all funds extended. In 2014, the rate of return on lending development projects was 2.55 percent, a fall of 0.12 percent compared to 2.67 percent in the previous year, while the rate of aggregated return on both lending development and long-term investment projects was 1.73 percent, a fall of 0.16 percent compared to 1.89 percent in the previous year.

Annual revenue derived from lending development and long-term investment activities was NT\$99.64 million, a difference of NT\$12.71 million compared to NT\$112.35 million for 2013. At the end of 2014, allowances for bad debts of NT\$105.95 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 a smaller number of risk-bearing instruments in the form of exchange-traded funds, as well as long-term holdings of equities.

The TaiwanICDF's fixed-income assets include bonds and time deposits denominated in NT dollars and foreign currencies. With the U.S. government's program of quantitative easing having been brought to a close this year, and with expectations of a formal hike in interest

rates during the second or third quarters of 2015, our strategy for the year involved holding bonds to maturity, with only a small increase in our overall position of such instruments. The average yield on all bonds, irrespective of denomination, rose by 0.11 percent to 2.45 percent from 2.34 percent in the previous year.

In terms of our investment strategy for equity assets, having previously pursued holdings of available-for-sale assets, in November we disposed of all such holdings so as to satisfy a requirement for substantial holdings of working capital. The overall rate of return on investment was 35 percent, equivalent to an annualized return of 10 percent, yielding an injection of NT\$44.89 million in working capital.

With financial operations having involved the disposal of index funds and equity assets, yields on financial investments, including exchange gains (losses) and other gains (losses), rose to 2.11 percent from 1.58 percent the previous year. Annual revenue derived from financial investments rose by NT\$53.52 million, or 34.6 percent, to NT\$208.24 million from NT\$154.72 million in the previous year, exceeding a target of NT\$137.70 million by NT\$70.54 million, or 51 percent.

Figure 4 Fund Utilization (2014)

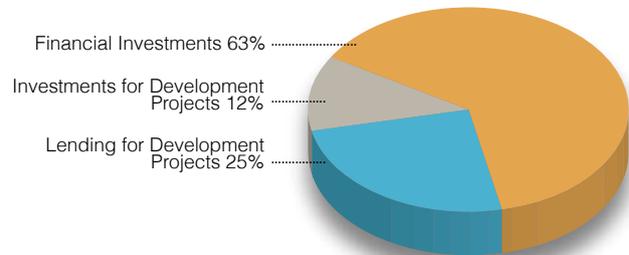
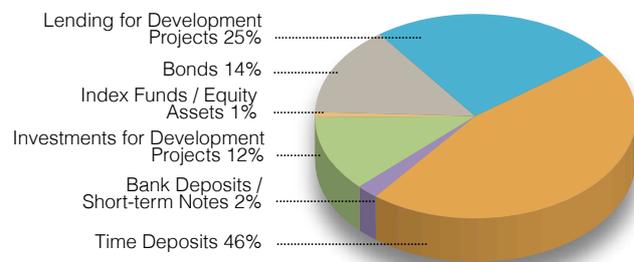


Figure 5 Investment Management (2014)



Accounting Management

The TaiwanICDF's revenues are derived predominantly from interest accrued on the Fund, interest from lending operations and funding for MOFA-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 commissioned projects to support the operation of overseas technical and medical missions, and specially commissioned projects.

In 2014, operating revenues and non-operating income and gains amounted to NT\$1.37 billion, of which NT\$990.54 million was allocated for commissioned projects, a decrease of 6.3 percent from 2013. Revenue generated through the use of the Fund was NT\$382.16 million, an increase of 35.99 percent from 2013, of which interest on fund investments comprised the largest share (41%), followed by revenues from lending and investment operations (26%), gains on sales of investment (12%) and cash dividends (2%), with other revenues representing the remaining share (19%).

Expenditures for 2014 were NT\$1.37 billion, of which NT\$990.54 million was for commissioned projects, a decrease of 6.3 percent from 2013. Expenditures made through the use of the Fund were NT\$375.13 million, a decrease of 1.92 percent from 2013.

Revenue exceeded expenditures by NT\$7.02 million during 2014, representing a difference of NT\$108.50 million from the NT\$101.48 million excess of expenditures over revenue in the previous year. This was mainly due to the generation of income through the disposal of certain holdings and the severance of diplomatic relations with The Gambia, which brought an end to cooperative bilateral relations, resulting in a reduction in expenditures associated with technical cooperation and lending and investment operations.

Fund Utilization and Balance

As of December 31, 2014, the net balance of the Fund was NT\$15.73 billion (including founding and donated funds of NT\$12.47 billion, accumulated earnings of NT\$3.26 billion and unrealized gains on financial instruments of NT\$300,000). This represented a decrease of 0.08 percent, or NT\$13.04 million, from the end of 2013.

As of December 31, 2014, total assets stood at NT\$16.11 billion, of which current assets comprised the largest share (55.62%), followed by long-term loans and investments (44.26%), fixed assets (0.11%) and other assets (0.01%). The organization's total liabilities were NT\$381.11 million and the total balance of all funds (the Fund plus accumulated earnings) was NT\$15.73 billion.

Budget Execution

In 2014, MOFA contracted the TaiwanICDF to carry out overseas operations worth NT\$1.13 billion, of which NT\$389.22 million was budgeted for operating expenses at overseas technical and medical missions, and of which NT\$138.87 million was also allocated to four projects relating to specific overseas missions. We were also contracted to implement 48 projects worth NT\$560.34 million, including the International Higher Education Scholarship Program, the Capability Enhancement in Using Geographic Information Systems in Central America Project, the Feed Production Project in Paraguay, and the Vocational Training Technical Assistance Project in Burkina Faso. NT\$41.87 million was also allocated to

Figure 6 Fund Revenues (2014)

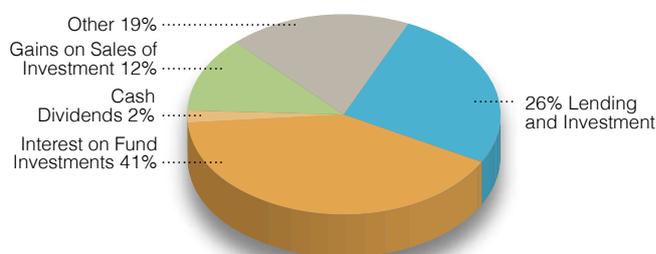


Figure 7 Fund Expenditures (2014)

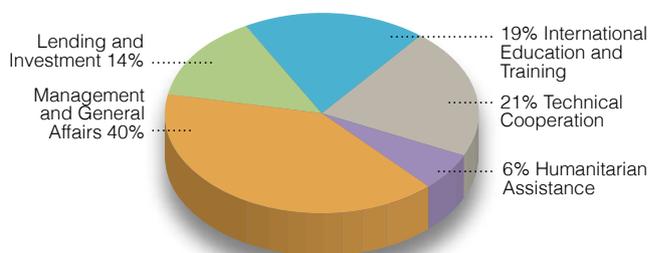


Figure 8 Revenues and Expenditures (2010-2014)

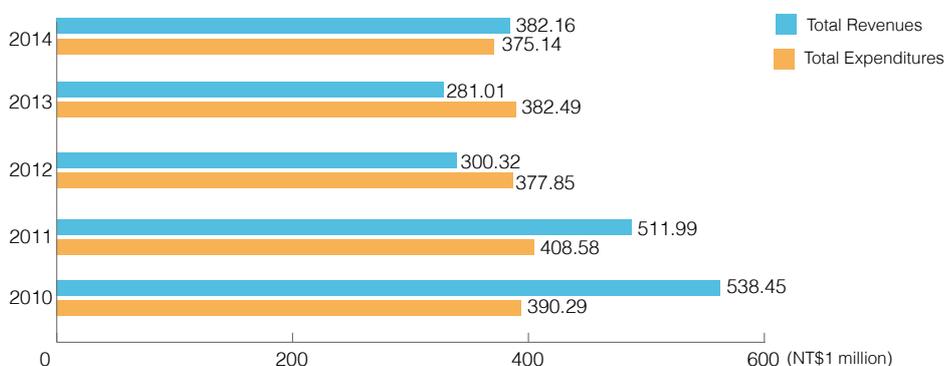
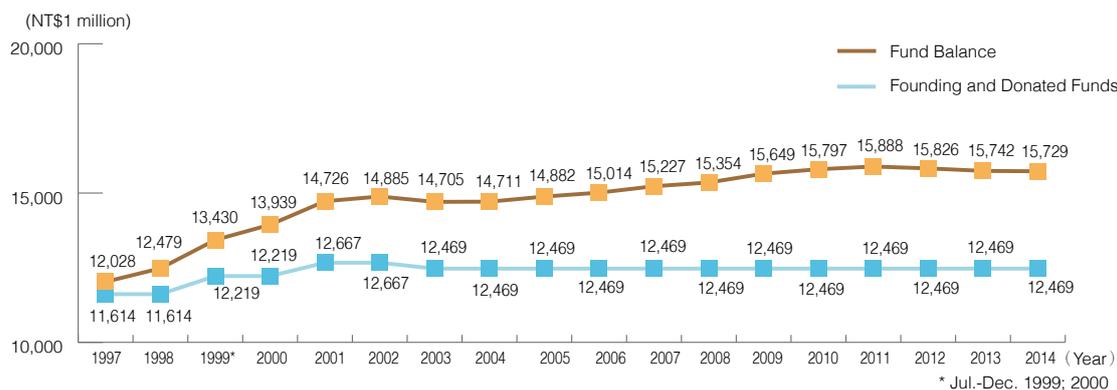


Figure 9 Fund and Fund Balances (Since 1997)

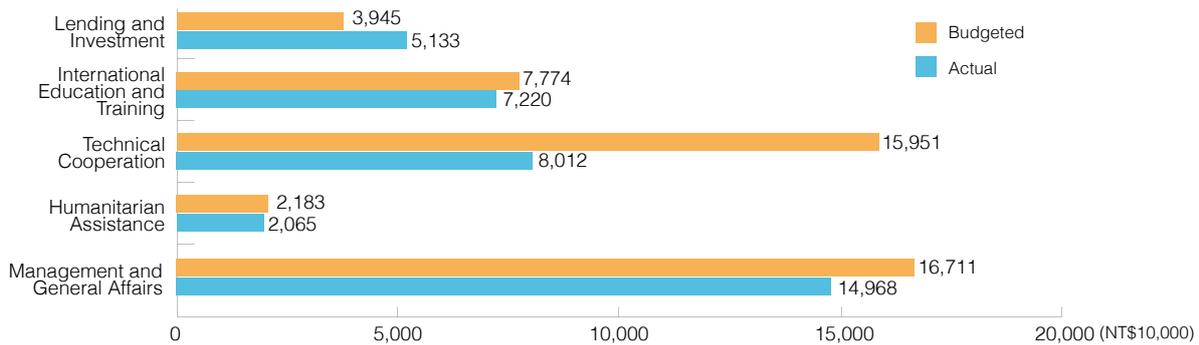


training servicemen in the Taiwan Youth Overseas Service.

Overall, the total budget for MOFA-commissioned projects was NT\$990.54 million, equal to an implementation rate of 87.64 percent.

Operating expenses (excluding expenses for contracted projects) amounted to NT\$373.98 million. This compares with a budgeted plan of NT\$465.64 million, equal to a utilization rate of 80.32 percent.

Figure 10 Budgeted and Actual Expenditures (2014)



Human Resources

Diligently Developing Personnel Capacity, Raising the Contribution of Our Talent

To nurture talent within the areas covered by the TaiwanICDF's operational priorities and to meet the organization's medium- to long-term development goals, this year we organized a number of professional workshops covering subjects such as agriculture, public health and ICT. We also initiated a project management foundation course for new employees so as to develop their core competencies and facilitate more rapid integration into the TaiwanICDF's operations.

In terms of overseas staff, for the first time we arranged a dedicated round of training for personnel returning from overseas service. These arrangements explained the content of operations, implementation methodologies and operating procedures involved in work internal to the TaiwanICDF, thereby assisting many returning personnel to adapt more rapidly to the pace of work in Taiwan.

In addition, to promote experience sharing between domestic and overseas personnel and to pass on foreign aid experience, we also arranged for overseas personnel to share successful experiences of implementing projects in partner countries in Africa and the Caribbean. Toward the end of the year our TaiwanICDF Mission Leaders' Conference also helped to expose some of the problems encountered during the course of implementing

projects, and promoted concrete, practicable business methods, refining our operations and strengthening the communication and coordination of our goals.

Putting Regulations and Systems into Practice, Offering a Friendly and Equitable Working Environment

In response to the promulgation of Taiwan's Personal Information Protection Act on October 1, 2012, we have consulted with and appointed external legal counsel to assist in introducing systems that comply with these new regulations, updating document templates and forms relating to the security and maintenance of personal data, responses to breaches of or incidents involving the security of personal data, and the submission of and consent to collect personal data. This forms the basis for the management of human capital and will safeguard the security of colleagues' personal data.

In addition, to put the recent Act of Gender Equality in Employment into practice, we have revised prevention, grievance and disciplinary measures for sexual harassment in the workplace, reminding colleagues of the need to respect gender distinctions and proper etiquette, and advocating prevailing standards in gender ethics so as to create a friendly and equitable working environment.

Auditing

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 also provide timely suggestions for improvement, and follow-up measures are implemented accordingly so as to safeguard the effectiveness of fund management and to ensure that 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 2014

A total of 33 audits were conducted in 2014, all approved by either the Board of Directors or Board of Supervisors. The content of these audits, representing issues of concern to senior management and external auditing units, focused on risks and internal controls.

Audits for 2014 were as follows: 12 related to operations; six to accounting and cashier operations; five to planning and management; three each to lending and investment, and services management; and two each to property and assets, and payroll affairs.

Results of Audits

In 2014, audits yielded a total of 115 suggestions: 66 on operations; 15 on personnel; seven on accounting; six each on information management, and asset management; five on procurement; four each on internal controls, and cashier operations; and two on special accounts.

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.

Figure 11 Audits (2014)

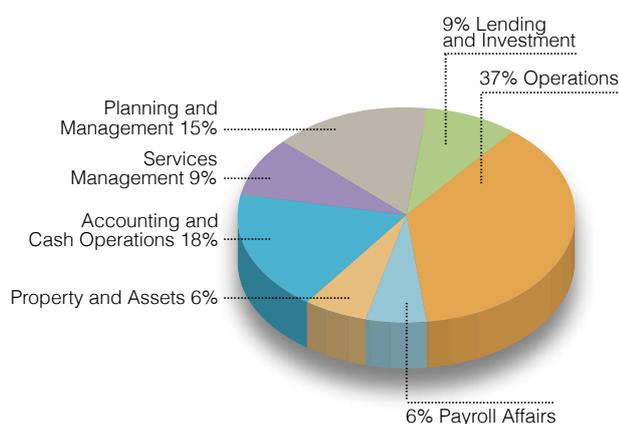
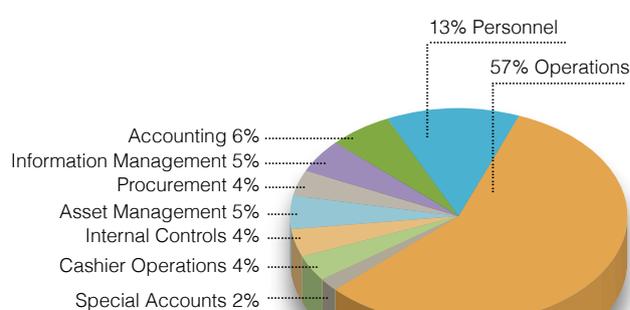


Figure 12 Audit Suggestions (2014)



ICT: Digitizing Our Organization

This year, to achieve one of the TaiwanICDF's key performance indicators, the "utilization of information systems," and to digitize all of our integrated operating systems, ultimately with the goal of enhancing the quality of management decisions, we deepened analysis of our annual ICT roadmap and ICT development strategy, as well as the management of decision-making, performance and implementation. This meant setting out a core program (2014-2016) for the development of ICT systems, establishing the principles governing the future expansion of information systems, and clearly defining associated application systems, functions and priorities.

Building a New Knowledge Management Platform to Facilitate the Sharing of Resources And Shared Services

With the increasing popularity of smartphones, tablets and other mobile devices, and the growing use of cloud services, we have been working on the premise of serving domestic and overseas personnel "anytime, anywhere on any device, securely," and providing instant access to the information and know-how they require. Drawing on the three core concepts of mobility, personalization and speed, this year we completed revisions to our second-generation Knowledge Management platform, or "KM 2.0," as follows:

Mobility: For KM 2.0 we have introduced the concept of responsive web design, building a system interface that can be browsed from different computers, tablets, smartphones and other devices, and expanding support for a variety of browsers, allowing page content to scale dynamically on the basis of device size. Our staff able to access the Internet will be able to access information on our content-rich platform at anytime and anywhere, satisfying the trend for mobility and real-time operations. KM 2.0 is the first of our information systems to have been revised with mobile access in mind.

Personalization: KM 2.0 incorporates individual access to previously established Dropbox cloud drives, providing quick and easy file transfer and exchange functions. Using the latest cloud storage environment in place of older methods of file transfer has also provided an effective solution for overseas colleagues wanting to upload files, which would otherwise require verifying and checking a host of associated problems. The platform also provides document aggregation and subscription services, search results, and an improved messaging service and other functions, helping users to target and track specific content.

Speed: To enhance the system's internal processing speed and performance, we have upgraded the servers,

databases, development tools, operating systems and browsers supporting KM 2.0 from 32-bit to 64-bit versions, ensuring that the system can continue to scale in terms of increased load, and adjusted system architecture, simplifying management and maintenance work, thus providing a highly stable, high-performance system environment and a speedy user experience.

This all-new KM 2.0 is the first of our information systems to meet the goal of our core program (2014-2016) for the development of ICT systems, "build cloud-based applications, enabling convenient resource sharing and shared services."

Utilizing Digital Learning, Becoming a Learning Organization

This year saw the introduction of our digital learning system in support of the following four objectives:

1. Reduce the cost of training and enhance willingness and efficiency;
2. Enjoy the same quality of learning regardless of location through mobile devices;
3. Introduce dynamic, interactive learning models that cover a diverse range and can be accessed at any time;
4. Use the system platform to manage and appraise internal learning outcomes effectively.

Spanning time zones and geographical barriers, and resolving training and knowledge management issues, digital learning tools are far-reaching, unfettered by time constraints and save on training costs, playing an important role in terms of nurturing professional talent and accelerating the dissemination of knowledge. As a learning organization, we continue to put the best of these tools into practice.

Effectively Improving Communications Through Cloud-based Mail Services

For TaiwanICDF projects and technical missions around the globe, increasing use of e-mail systems facilitates operational coordination between the TaiwanICDF and cooperating units, and because diplomatic work requires a lot of back-and-forth communication between project locations, mobile devices are an important tool for overseas colleagues to communicate with. So this year, following trends in mobile technology, we introduced cloud-based mail services for overseas technical missions and projects.

Cloud-based mail uses end-to-end encryption methods to deliver mail within an integrated and secure information security network. Working under the premise that information has to be safe and secure, utilizing the

network nodes that international cloud service providers have built across the globe has effectively shortened the mail delivery route between TaiwanICDF and overseas units, improving mail transfer rates and significantly upgrading each unit's mailbox capacity to 50 GB, and thereby meeting overseas colleagues' need to consume significant storage space for the handling of large volumes of mail.

Implementing Comprehensive Digital Services, Improving the Quality of Management Decisions

Given the TaiwanICDF's limited resources, a number

of important ICT developments remain to be completed, yet we have also already achieved significant results, and to date have carried out the digitization of services in close connection with colleagues' operations. In the future, we will continue to respect the latest ICT-related technical developments and trends, following our core plan for the development of our ICT systems, introducing the appropriate new technologies – application systems, databases, storage facilities, backup and recovery – and deepening the services available to overseas units, thereby implementing comprehensive digital services that are integrated with our operations, and improving the quality of management decisions.

Public Communications

To respond to trends reflected in the digitization of communications and to expand the effectiveness of our public communications, our external communications strategy for the past year has embraced an “active marketing” approach, combining both online and physical media or events together with mixed-media text and audiovisual interfaces to carry out integrated marketing operations. This has yielded numerous benefits in terms of digitizing the tools used in creating publicity materials, expanding and bringing content to life, and using material resources sustainably.

In terms of producing and distributing publications and publicity materials, for example, a new in-house unit has begun to produce introductory short films covering important operations and events for our annual report and e-newsletters. We have also added a new feature called Development Focus to the news section of our website, providing a weekly overview of the key events, international issues and stories taking place in the world of development. We are also integrating graphics and audiovisual media into the promotion of our projects, and in combination with our official website, which remains at the heart of our public communications, carrying out active marketing through social networking, free Internet media and a variety of digital tools.

In terms of our online presence, we produced 12 short films, in Chinese and English, about long-term volunteers with the TaiwanICDF Overseas Volunteers Service, the recruitment of professional Mandarin teachers, our International Cooperation and Development Summer Camp, and projects in Haiti, Kiribati and Belize, as well

as about UN international days such as World Food Day, all of which have been posted on our official website and on social networking sites. We have also used apps to publicize our projects and associated operations, providing access to a wider variety of instant-access public communications platforms.

In terms of promotional events, we organized a touring photography exhibition, small-scale themed seminars, an international volunteer forum and exhibition, and events in combination with world day topics or consistent with the priority areas or topics covered by our online promotional activities.

We also hosted visits by high school and college students, advocating and promoting foreign aid. With these young people at a stage where their ideas are still taking shape, we've drawn on their fashion for using the Internet to share things to let the idea of international development assistance become embedded on campuses, forming seeds that spread rapidly via the TaiwanICDF's online interfaces and inspire the dissemination of ideas by spontaneous means.

Finally, we are extending the use of the TaiwanICDF logo in planning and designing applications of publicity materials, including across our business cards, envelopes and stationery, the mobile backdrop that we use in interviews, and other common items carrying our organizational branding. Through strengthening the visual effect of our overall image, integrating the use of our logo across the whole organization is thus enhancing the synergy of our international publicity efforts.