

Overview

“The best of prophets of the future is the past,” wrote Lord Byron, and ICDF activities in 2001 augur a bright future indeed. The ICDF underwent many changes and marked several milestones during the year, not least of which was observance of its fifth anniversary of operations in July. Numerous foreign envoys, government officials, industry and business representatives, members of NGOs and press personnel enthusiastically participated in the celebration at the organization’s headquarters in Taipei’s diplomatic quarter. Shortly thereafter, in August, Deputy Secretary General Yang Tzu-pao assumed the position of acting Secretary General with the retirement of Secretary General Loh Ping-cheung. Yang is vigorously leading the ICDF toward a streamlined, progressive vision of institutional professionalism.

Humanitarian aid was a focal point of ICDF efforts in 2001. Projects included emergency relief for blizzard-stricken Mongolia, earthquake reconstruction work in El Salvador and Peru, and emergency relief for Afghan refugees. While the funds committed to these undertakings were not large, their source represents an important development at the ICDF, for 2001 was the first year in which humanitarian assistance funding was officially incorporated into the ICDF budget. In addition to essential assistance for the immediate needs of disaster victims, the ICDF promoted the long-term development of human rights and higher living standards by helping host countries create the durable elements of safe, healthy lives and continued productive livelihoods.

Other important ICDF operations this year included extending the purview of its educational program at National Pingtung University of Science and Technology and launching new efforts in cooperation with National Chengchi University; signing a letter of intent that will extend technical cooperation with CABEL; training and dispatching new teams of overseas volunteers and Diplomatic Alternative Service program recruits (the latter represents a wholly new ICDF service area, and is laying the groundwork for the ROC’s future diplomats and overseas technical personnel); supporting the ICDF Alumni Society; conducting seminars attended by scores of students and professionals from nations around the world; and fortifying internal systems to facilitate management, enhance communications, and improve fiscal management and internal auditing.

Helping partner nations spur economic development, realize higher standards of living, and effect social progress are of course core ICDF directives. ICDF development strategy calls for varied types of assistance (often focusing on areas in which the ROC enjoys comparative advantage) corresponding to prevailing economic and social conditions in different regions. ICDF cooperation with Africa emphasizes improving living environments for people suffering from grain shortages and insufficient medical resources. Work in Europe, implemented in conjunction with the EBRD, is helping nations navigate



Summary of 2001 Operations

the transition from planned economies to free market systems, by transplanting the experiences of the thriving SME sector in the ROC. Cooperative projects in Central and South America and the Asia-Pacific region focus on upgrade of industrial foundations, planning of sales and marketing channels, training of technical personnel, promotion of trade ties, and, ultimately, the development of new overseas markets for Taiwanese firms. In one notable development in 2001, the ICDF signed an agreement with three Taiwanese banks to offer credit guarantees for domestic firms investing in nations allied with the ROC. As well, the ICDF helped the Central American Trade Office in Taipei establish improved systems and procedures. Both of these developments will strengthen trade ties and encourage investment in nations allied with the ROC. Such an approach stems from the country's new diplomatic philosophy and principles of reciprocal economic and diplomatic returns.

We will examine the above and many other ICDF projects and programs, internal developments, guiding principles, and vital statistics in this report. Since its establishment in 1996, the ICDF has striven to fulfill its mission by energetically contributing to international society and resolutely adhering to universal principles of altruism, human rights and international progress. Looking to the future, the ICDF commits itself again to this mission and, taking advantage of its growing experience, will continue to work toward new levels of professionalism and expertise in its future operations.

In accordance with ROC diplomatic policy, ICDF international cooperation activities in 2001 provided expertise based on the nation's economic development experience, as well as resources designed to meet the varied needs of allied and partner nations in Africa, the Asia Pacific and Caribbean regions, Central and South America, and the Middle East. Through its core operations in technical assistance, investment and lending, education and training, and international humanitarian relief, the ICDF helped nations develop their economies, alleviate poverty, strengthen human resources, expand agricultural output, and rebuild after natural disasters. The ICDF also strengthened its interaction with international groups and NGOs during the year and, in the spirit of civilian-based diplomacy, trained and dispatched a group of new volunteers, who are working in allied and partner nations around the world. In addition to these affairs, the ICDF directed overseas technical missions on behalf of MOFA, was commissioned to manage the ROC-Central American Economic Development Fund, and made equity investments in the Central and Latin America Development Company and Overseas Investment and Development Company.

Investment and Lending Operations

Seventeen cooperative investment and lending operations were funded with US\$74.82 million in 2001. Among these projects, eight investment and lending cases were signed, with committed contracts totaling US\$40.52 million, while nine financing cases still being planned are to receive US\$34.30 million in funding. Six projects were executed in cooperation with international organizations, and seven projects with NGOs. Additionally, two vocational education lending projects, seven micro-credit projects, and one small farmer lending project were launched during the year. The ICDF Board approved a credit guarantee program for Taiwanese businesses investing in allied nations, with services to be available

in early 2002. In response to changes in the ROC's diplomatic situation, four projects in Macedonia, for which US\$12.97 million had been appropriated this year, were terminated during the year. A total of US\$438 million had been committed to these projects, and US\$318.40 million had been appropriated (72.74 percent of the contracted amount). US\$90.46 million in principal has been recovered to date.

Technical Assistance Operations

The ICDF implemented 11 technical assistance operations during the year, including three SME assistance and consulting projects, six government capacity building projects and two special research projects. NT\$79.72 million was expended on technical assistance projects during the year.



- 1 El Salvador Bamboo Housing Project in El Salvador, conducted after strong earthquakes struck in January and February
- 2 El Salvador President Francisco Florez Perez expresses his appreciation for ICDF assistance to ICDF acting Secretary General Yang Tzu-pao, at the 25th annual meeting of the Caribbean region



ICDF Investment and Lending Programs

Nations	Project name
All allied nations	ICDF Credit Guarantee Scheme
Belize	Belize Tourism Development Project
Dominican Republic	Government Capacity Building in the Dominican Republic
El Salvador	Environmental Pollution Control Project in Critical Areas of El Salvador
Nicaragua	Small Farmer Lending Project-Nicaragua Export Vegetable Project; Housing Solidarity Reconstruction Program, Stage 2
Saint Christopher and Nevis, Dominica	The Micro-Credit Project

Unsigned Programs Approved by the ICDF Board

Nations	Project name
El Salvador	El Salvador Vocational Education Project
Guatemala	Guatemala Technical and Vocational Education and Training Project
Saint Vincent and the Grenadines, Grenada	The Micro-Credit Project

Education and Training Operations

Eighteen training classes were held in 2001, with 479 foreign government officials receiving training in Taiwan. Scholarship assistance totaling US\$400,000 was provided to 590 students in four Eastern Caribbean nations. Additionally, 17 foreign students took part in the graduate agricultural science program jointly administered by the ICDF and National Pingtung University of Science and Technology, and four students participated in a new International MBA program created by the ICDF and National Chengchi University in Taipei.

Technical Missions

The ICDF dispatched 41 technical missions and one trade specialist to 35 different nations on behalf of MOFA in 2001. A total of 276 technical personnel were sent overseas to implement 84 cooperative projects. Included were medical service missions sent to São Tomé and Príncipe, Burkina Faso, Chad, and Malawi, and trade and industry service missions sent to Guatemala, the Dominican Republic and Macedonia (due to changes in diplomatic relations, the technical mission to Macedonia has since been withdrawn).

Diplomatic Alternative Service

This year the ICDF took part in the new Diplomatic Alternative Service program, in which young male Taiwanese recruits can serve in overseas technical and medical service missions in lieu of service in the ROC. The ICDF managed the professional and linguistic training the 37 recruits received, and is overseeing their duties in the 21 countries to which they were dispatched.

ICDF Volunteers

During the year the ICDF selected, trained and dispatched 14 volunteers to four nations to provide services in business development, vocational and computer training, and language instruction and other subjects. Six volunteers were sent to Costa Rica, six to Panama, one to Nicaragua and one to São Tomé and Príncipe.

Cooperation with International Organizations and NGOs

The ICDF cooperated with international organizations and NGOs on 28 technical assistance, lending, and education and training projects in 2001. Cooperating agencies included the Asian Development Bank, Central American Bank for Economic Integration, European Bank for Reconstruction and Development, World Trade Organization, World Links and World Vision Taiwan.

Humanitarian Relief

During the year the ICDF provided a total of US\$1.157 million in humanitarian

relief for the victims of natural disasters, for war refugees, and for the construction of vital medical and educational facilities. Humanitarian aid work was conducted in El Salvador, Mongolia, Peru, nations adjoining Afghanistan and four Eastern Caribbean nations.

ROC-Central American Economic Development Fund (ROC-CAEDF)

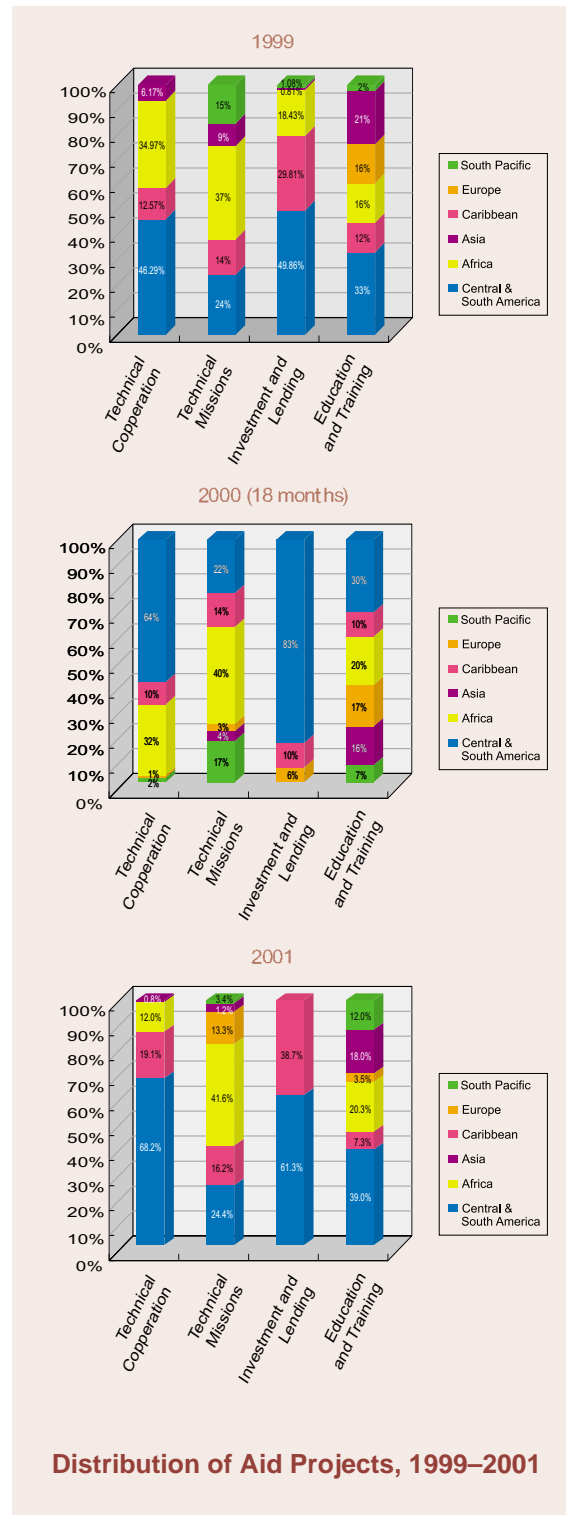
Since the ROC-CAEDF was established in September 1998, it has accumulated principal of US\$82.15 million and earned cumulative interest income of US\$5.57 million. Only the fund's interest income may be used for projects. Seven board meetings have been held to date, and five projects have been approved.

Latin America Development Company

The Latin America Development Co. was established to make diverse investments in Central and South America, thereby promoting economic development and consolidating ROC diplomatic relationships in the region. The company has received investments of NT\$1.1 billion from 25 corporations, including President Enterprises, President International Investment, and President Convenience Stores. The ICDF has invested NT\$100 million of the company's funds in development projects in Central and South America, and is represented on the company's board.

Overseas Investment and Development Corporation

The Overseas Investment and Development Corporation was jointly established by 31 major Taiwanese corporations. The company possesses capital of NT\$1 billion. The ICDF has made an equity investment of NT\$1.3 billion in the company and has a seat on the board of directors. To boost Taiwanese investment activities in Central and South America, Eastern Europe and Southeast Asia, and to foster continued development of export-oriented industries, the company is establishing trading networks and compiling practical business information. These resources will help SMEs in allied and partner nations invest and build plants in other countries. The company has invested in plant construction, and its six subsidiaries are engaged in engineering, metal processing and petrochemicals.



Distribution of Aid Projects, 1999-2001



Operational Priorities

International Cooperation Strategies

Since its founding in 1996, the ICDF has upheld its mission of fostering economic development and social progress, and providing humanitarian assistance to allied and friendly developing nations. As well, the ICDF always conforms to and supports the ROC's overall diplomatic policies and undertakings in its work. Within this framework, ICDF international cooperation strategies focus on cooperation with other international organizations, growing collaboration with NGOs, formulation of regional cooperation strategies, and implementation of grassroots projects. To control procedures and ensure predictable results, projects and programs are implemented within a three-year rolling program, flexibly executed in response to changing international conditions.

ICDF projects and programs reflect and embody areas in which Taiwan gained competitive advantage during its economic development, including macroeconomic policy planning and management, SME development, trade promotion, human resources training and education, and transformation from agriculture-based to industrial economies. To amplify and extend benefits to recipient peoples and nations and reduce project costs, the ICDF cooperates extensively with international organizations including the ADB, CABI, the IDB and others. As NGOs have rapidly developed into effective

and influential players in the contemporary world, the ICDF is stepping up its contact and cooperation with these groups by engaging in cooperative technology, lending, education and humanitarian assistance projects.

The ICDF formulates pan-regional cooperation strategies that carefully consider overall development and reflect current political, economic and social conditions. ICDF efforts include grain output enhancement and low-tech industry development in Africa; SME and private investment development in Central and South America; agricultural diversification and the provision of social services in the Eastern Caribbean region; agricultural cooperation and promotion of bilateral trade in the Asia-Pacific region; and cooperation with the EBRD in assistance to central and eastern European nations effecting political and economic transformation. In many developing nations, the ICDF conducts grassroots projects offering lending for education and business development to small farmers, small agricultural businesses and women, enabling these disadvantaged groups to create opportunity for themselves.

With a balanced mix of funding and technical assistance, ICDF projects are helping citizens achieve self-reliance and increase their incomes, with the ultimate goals of reducing poverty and improving quality of life in nations worldwide.



1 Trainee making handicrafts
 2 SME development seminar
 3 The Product Packaging and Inspection Center Project for Seven Central American Countries

SME Development

A distinctive element of Taiwan's economic growth has been the booming development of its SMEs. The economic vitality engendered by the growth of SMEs, and the wealth it has created in the public and private sectors, are principal agents of the "Taiwan miracle." Taiwanese development experience amply shows that support for SMEs creates employment opportunities for a wide variety of skilled and unskilled workers, reduces income inequality, contributes to the development of a healthy middle class, provides a range of essential goods and services, and instills flexibility and resilience in an economy. Because of Taiwan's firsthand experience with these beneficial attributes, the ICDF emphasizes SME development as a key strategy in its economic development projects in allied nations.

The three primary factors driving industrial development at all levels are skilled labor, adequate capital resources and essential technology. The combination of education and training (largely realized through sufficient capital) and applied modern technology elevates labor productivity and economic output. From its earliest years, Taiwan's SME development has been powered by these braided factors. Because many allied and friendly nations want to use Taiwan's experience as a starting point for their own economic development, the ICDF has in its SME projects made available financ-

ing, expert consulting services, technology transfer, research and development, and human resources training. Through this approach, SMEs have sprouted up and are contributing to growth in Central and South America, Africa, Europe and Asia.

Micro-enterprise and SME Re-lending and Credit Guarantees

Re-lending is typically the most important key to growth and development of SMEs (6-60 employees) and micro-enterprises (2-5 employees). Unfortunately, many financial institutions prefer to lend to larger manufacturers and corporations, and less frequently offer long-term funding to small businesses. To help SMEs secure funding for operations and investment, the ICDF, through local commercial banks, NGOs and other financial intermediaries, provides financing options in many nations. In particular, the ICDF this year (2001) actively promoted lending to micro-enterprises, which constitute large proportions of economic development in some nations. The ICDF Micro-Credit Project in the Eastern Caribbean Region, launched this year, is providing funds for very small loans to micro-enterprises in Dominica, and St. Christopher and Nevis.

The ICDF also encourages SME growth by helping Taiwanese firms expand their operations overseas and invest in businesses in allied nations. Accordingly, following approval by the ROC Executive Yuan, the ICDF Credit Guarantee Scheme was initiated

on October 3, 2001. The ICDF Credit Guarantee Scheme provides extra security to Taiwanese businesses expanding or making medium and long-term business investments overseas. Services such as these (part of a strong economic cooperation network the ICDF has established comprising international organizations, businesses, financial institutions and NGOs) are enlisting Taiwan's plentiful resources (private investment, technology, market experience, etc.) to build substantive, industrious relationships between Taiwan and other countries.

SME Consulting

To help SMEs and governments in friendly nations upgrade industrial capacity, bolster professional aptitudes and encourage innovation, the ICDF dispatches specialists to provide expert guidance and consulting. Current content of ICDF SME development projects includes assistance in drafting practical industrial development and SME policies based on Taiwan's experience, management and technical consulting services, credit guarantee funds, creation of center-satellite cooperative systems, trade promotion, and support in establishing and strengthening related regional organizations and systems.

SME Advisory Groups in Seven Central American Countries

This project is helping Central American nations map strategies in order to establish policy environments favorable to SME development. In sub-projects sponsored by the ICDF and CABELI, SMEs can obtain loans from intermediary financial institutions to improve production, augment exports and expand operations. The project has overseen lending to SMEs in the mold and die, metal mechanical, textiles, footwear and food processing industries. The project's lending to companies in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua created 1,783 jobs. By bolstering technology and professional skills, lending programs like this one lay a solid foundation for light and medium industrial expansion and economic development in Central and South America.

Capacity Building

In light of the catalytic role that government plays in economic development, the ICDF focuses effort in some countries on government institutional capacity building. The ICDF currently implements capacity building programs primarily through donation of equipment and provision of specialized consulting services. Equipment donations improve and upgrade recipient organizations' physical assets, such as information technology systems or office



- 1 Vocational education seminar
- 2 Central American Technical Education and Vocational Training Program seminar, Costa Rica, January 2001
- 3 Garment and textile factory in Paraguay

equipment. Specialists provide consulting services, policy steering assistance, and guidance in government personnel training.

Research Projects

The ICDF conducts research projects in host countries on social and educational issues, and in technical areas of trade and agriculture. The results and recommendations of this research provide important guidance to relevant organizations in host countries, and can impact decision-making during SME development. Moreover, when the ICDF is drafting new projects, this research provides more complete understanding of the social, political, economic and scientific climates and conditions in host countries.

Human Resources Development

The ICDF conducts numerous SME seminars and training classes in host countries and in Taiwan for government personnel and business professionals, covering Taiwan's development experience, business strategies, trade promotion, competitiveness and financial topics. By providing the most current information on management and business development, sharing Taiwan's experience, training personnel in new technologies, and candidly discussing potential problems and opportunities, these seminars and classes are helping governments and businesspeople draft sound, comprehensive SME development policies and strategies.

The ICDF also promotes and develops vocational education as a key means of training new technical personnel for businesses. See the Case Study, "Central American Technical Education and Vocational Training Seminar, Costa Rica, January 2001" for details on one successful recent project.

In conjunction with governments, educational institutions and industry, ICDF human resources development is producing technical professionals with the diverse high-level skills needed for robust, modernized economic development.

Central American Technical Education and Vocational Training Seminar

To aid in the development of Central American vocational education systems, the ICDF held an international seminar on vocational education in Costa Rica in January 2001. The seminar focused on the experience gained during the Costa Rica Technical and Vocational Education Improvement Support Project (January 1998-December 2000). The seminar's lectures and discussions provided an overview and abundant details about successful vocational education system development in Costa Rica, covering topics of "educational systems and labor market needs," "curriculum planning," "instructor training," and "student learning and training organization assessment." Contact and exchange among government, academia and industry in seminars like

this, and continued cooperation with local, national and international development organizations, will lead to improved vocational educational systems throughout Central America.

ICDF SME Development Mechanisms

The ICDF makes the best use of its fiscal and human resources by using the following mechanisms and guidelines when planning SME development projects, or assisting SMEs in host nations.

Demand-driven Projects

To ensure maximum economic benefit, the ICDF concentrates on demand-driven SME projects. In this strategy, host governments and cooperating organizations first compile and submit their needs and expectations, current business climate and conditions, and industrial development priorities. The ICDF then assesses the information using a Strengths/Weaknesses/Opportunities/Threats (SWOT) analysis, and designs cooperation programs directed at markets and products that offer the best potential returns and prospects for growth.

Targeted Expertise and Technology Transfer

Since all nations are at different stages of economic development, each needs different levels and types of assistance. Cooperating closely with governments, educational institutions, businesses and other

organizations, the ICDF tailors its expert support and technology transfer to local, regional and national needs. In educational programs surrounding SME development, the ICDF trains local seed instructors and creates teaching materials that resonate culturally and professionally with students who are setting off on new educational and career paths.

Sound Environments and Sustainable Development

The ICDF is sharing Taiwan's uniquely successful development experience, leavened with modern perspectives and a global outlook, helping nations achieve sustainable economic growth. Ultimately, the hard work of businesses, and constructive government policies, are the most important constituents of SME growth. Effective governance, appropriate laws, sound financial systems and sufficient infrastructure are critical. With the emergence of sound economic, social and political environments, and the provision of expert planning and assistance, shrewd choice of optimal projects, transfer of essential technology, and forward-looking education and training, the initial chances of SME development project success are enhanced, and long-term sustainability is ensured.

- 1 Orchid sales in the flower show centre, Paraguay
- 2 Technical cooperation in Central America



Agricultural Upgrade and Transformation

Demonstration farms were the ICDF's chief systems of agricultural technology development and dissemination during early development of its technical missions. Since that time, ICDF technical missions have significantly broadened their approach with new methods, adopting a more market-oriented posture. Farmers are now being organized into integrated Production Marketing Teams. Surplus agricultural output is being manufactured into processed food products, helping host nations diversify agriculture and develop their industrial sectors. Additionally, the ICDF has expanded its small farmer lending programs, enabling farmers to purchase new equipment, extend production and launch new business ventures. The ICDF is also strengthening its training programs, in order to increase the numbers of skilled agricultural professionals in host nations. Following is an overview of current ICDF agricultural upgrade and transformation strategies and operations, and profiles of successful projects.

Integrated Production and Marketing

ICDF technical missions now place more emphasis on "extension," as opposed to demonstration, as their primary approach in agricultural development projects. Extension is defined here as the planning and implementation of comprehensive farmer's organi-

zations and production-marketing systems. ICDF technical missions draft regional production-marketing plans, decide which products possess optimum market potential and where they can be grown in the region, aid farmers in improving their production technology and management, and assemble farmers into cooperative Production Marketing Teams. The goals of this strategy are to lower production costs, improve management efficiency, strengthen sales capabilities, and coordinate agricultural production and marketing techniques.

Mushroom Production and Marketing in Indonesia

In this highly successful project, the ICDF technical mission selected products with high sales potential and economic value—edible tree fungus, abalone mushroom and shiitake mushroom—and promoted cultivation in Sleman County in Indonesia's Yogyakarta Province. Farmers were provided essential technology and assistance organizing themselves into cooperatives. In addition to growing mushrooms, these cooperatives graded and packaged products, and negotiated sales prices with merchants. While Indonesia had imported all of its edible tree fungus from China prior to this project, it now produces sufficient quantities not only for domestic consumption, but also for export to Taiwan and Singapore. In addition to

bringing prosperity to rural villages, this project significantly increased Indonesia's foreign exchange revenues. The project has now been fully handed over to Indonesian workers.

Food Processing Industry Development

Because most agricultural products are in season for only short periods of time, overproduction, production-marketing imbalances and poor prices can result. An excellent solution to these problems is the development of supplementary processing of raw agricultural products—into dried foods, sauces, juices and the like. This is also a practical strategy for industrial upgrade and agricultural diversification. Currently, the ICDF technical mission in Belize is helping the country's college of agriculture raise its food processing instruction standards, training additional food processing specialists, performing food processing research and development (with bananas, papayas, pineapples and chili peppers), and providing consulting and assistance to local food processors and related firms.

Small Farmer Lending

To achieve superior economic growth and project sustainability, the ICDF is expanding its small farmer lending programs. These programs provide financial assistance and guidance in employing new technology

and production inputs to farmers participating in production-marketing projects. These financing programs not only help farmers in the short term, but also introduce them to more systematic financial management, and help them establish personal credit. This can benefit them when they are applying for lending from financial organizations in the future.

Currently, the ICDF has active small farmer lending programs in Belize, Costa Rica, Dominica, Grenada, Honduras, Saint Christopher and Nevis, and Panama.

Small Farmer Financing Scheme in Honduras

Small farmer financing in Honduras has been under way since July 2000. Farmers participating in extension projects apply directly to the ICDF technical mission for loans. The mission is responsible for all loan services, including evaluating farmer creditworthiness, lending and collecting payments. In addition to farmers participating in extension projects, this program is open to members of rice-growing associations and cooperatives that maintain working relationships with the ICDF technical mission.

Principal and interest are repaid after rice harvests, and the monies are then used for the next cycle of lending. Within this framework, rice-growing associations,

cooperatives or Seed Bureaus purchase rice grown by borrowers, while the technical mission handles accounts on behalf of farmers or cooperatives. After loan principal and interest have been deducted, remaining income is given to farmers.

As part of this program, the ICDF technical mission in Honduras created a revolving loan fund, and lent the final rice processing funds in November 2000. All loan interest and principal were recovered in December. Total monies lent were US\$11,148 and interest income was US\$673. Twenty-one farmers participated in the program.

Specialized Agricultural Training

To develop human resources, improve agricultural development, and increase agricultural efficiency, the ICDF conducts short-term seminars in technology and management skills in agriculture and fisheries. More than 1,000 agriculture and fisheries professionals from allied nations have attended these seminars in Taiwan since the ICDF's inception in 1996. Additionally, since 1998 the ICDF has provided two-year scholarships to agricultural specialists from allied nations for study in the graduate Institute of Tropical Agriculture at National Pingtung University of Science and Technology. This scholarship program gives

trainees the opportunity to learn from Taiwan's agricultural development experience, and in turn promote agricultural upgrade in their native countries. Graduates can also participate in bilateral agricultural projects and serve as intermediaries in government-to-government contact. Twelve agricultural specialists from nations including The Gambia, Senegal, the Solomon Islands and Haiti have received M.S. degrees in this program, and all have assumed important positions after returning to their home countries. This successful program has now been extended to include doctoral studies in agricultural science, and currently has 17 students enrolled.



Participants in the Workshop on Fishery Policy and Management for the South Pacific Region

International Human Resources Development

2001 was a time of building on the past and looking to the future for ICDF international human resources development. New programs were launched, existing projects extended, and the ICDF deepened the content and enlarged the ambit of its cooperative human resources development efforts on several planes. Notably, through new work with academic institutions, including National Chengchi University, National Taiwan Ocean University, National Taiwan University and National Tsinghua University, the ICDF elevated the academic level of its programs and gained access to rich new teaching content and materials. The ICDF also stepped up its cooperation with NGOs during the year, including World Vision Taiwan, the National Training Institution for Farmers, the Unified Small and Medium Enterprises Guidance Center and the Textile Industry Research Center. The practical experience and grassroots connections of these organizations bolstered the substance and hands-on authenticity of many ICDF training seminars and short-term classes in agriculture, business development and other disciplines.

ICDF international human resources development programs train people at every level, from the introductory-with scholarships

for primary school children helping them receive adequate basic education-to lower-skilled personnel and middle-management who have been trained in mid-level finance and business development, practical agricultural technology, and so on-to high-level professionals-many of whom are building or strengthening economic, educational and government organizations and institutions in their home countries.

The ICDF is also helping nations strengthen fundamental educational systems and improve vocational training, to lay the academic groundwork and build the specialized skills for future economic and social development. Following is a selection of ongoing and new international human resources development operations offered by the ICDF in 2001.

International Seminars and Short-term Classes

The ICDF designs and conducts a wealth of seminars and classroom instruction annually. Seminars and classes are created in conjunction with educational institutions, government offices, professional organizations and research organizations in Taiwan and abroad. This year the ICDF conducted 20 seminars and classes attended by 519 people. Highlights included the Fishery Policy and Management Workshop in the



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South Pacific Region, held cooperatively with National Taiwan Ocean University; the International Seminar on Agricultural Development Policy and Rural Development, conducted with National Taiwan University; the International Seminar on Small and Medium Enterprises, cooperatively carried out with the ROC Small and Medium Enterprise Administration; and the Workshop on Tourism Industry and Community Development, conducted in conjunction with National Taiwan University and the Kaohsiung Hospitality College.

Additional ICDF seminars and classes in the following subjects included:

Agriculture

- Food Processing Technology
- Production and Marketing of Agricultural Products
- Technology and Management of Aquaculture
- Vegetable Production and Management
- Low-input Sustainable Agriculture
- Agribusiness Management

Economy, Trade, SME Development

- Industrial Cooperation Systems
- Management of Fundamental Financial Systems in the Economic Development of Taiwan
- SME Assistance Policy in Taiwan
- Basic Financial Development
- International Trade Promotion

Vocational Training

- Textile Industry Technology and Management
- Programmable Control and Industrial Electronics
- Advanced Vocational Instructor Training

Scholarship Programs

National Pingtung University of Science and Technology (NPUST) and National Chengchi University Graduate Scholarship Programs

This year the ICDF continued to provide scholarships for students attending the graduate agricultural science program at NPUST. Eight foreign students graduated in 2001, receiving M.S. degrees accredited by the ROC Ministry of Education. Sixteen foreign students continued their studies during their first and second years of the program. The program was extended to include doctoral studies in 2001, and one new Ph.D. student is enrolled. Thus far 31 foreign students from 14 nations have taken part in this program.

This year the ICDF also teamed up with National Chengchi University to create the first international MBA program in Taiwan conducted entirely in English. Four foreign students from three countries received full scholarships from the ICDF to attend the program.

The success of the NPUST program, and the promise of the National Chengchi University program, have led to discussions of similarly-designed graduate study

- 1 National Pingtung University of Science and Technology graduate students conduct a discussion
- 2 Participants in the Tourism Industry and Community Development seminar visit the National Museum of History



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programs in other disciplines at National Tsinghua University, National Taiwan Ocean University and other prominent universities in Taiwan.

Primary and Secondary School Scholarships

This year the ICDF entered the fourth year of its Human Resources Development Assistance Program in four allied nations in the Eastern Caribbean region-Dominica, Grenada, Saint Christopher and Nevis, and Saint Vincent and the Grenadines. This program provides US\$100,000 in scholarship funding to each of these nations for primary and secondary school students, and for teachers and instructors pursuing advanced training. Scholarship monies can now also be used to purchase textbooks.

In 2001 the ICDF also provided vocational training to Liberian youths whose education was interrupted by the nation's civil war (1989-1996). Through this program, students in agriculture, secretarial science, accounting, home economics and building trades have received vocational training at the Booker Washington Institute in Liberia. In 2001 this program received US\$50,000 in funding plus classroom equipment and instructional materials from the ICDF.

In addition to these programs, the ICDF provided US\$100,000 in scholarship funding to Mongolia this year. Carried out by World Vision Mongolia, this program is providing scholarships to 1,000 Mongolian children.

Executive Training Program

The ICDF has instituted executive training and scholarships in Belize and five Central American nations through the ROC-CAEDF. Attending some of the world's finest educational institutions, executives and professionals participating in this program are better enabling themselves to function at high levels of international government and business. Many of the candidates have been government officials and accomplished professionals with backgrounds in economic development, international affairs, international finance, public administration and other relevant fields. Seven persons have received training in the program since 1999.

Vocational Education

This year the ICDF implemented three initiatives to improve vocational education in Central America: the El Salvador Vocational Education Improvement Program, the Costa Rica Vocational Education Improvement Program, and the Guatemala Vocational Education Program. The first two programs are improving and upgrading established vocational education systems, while the latter is preparing development of a Guatemalan vocational education system by establishing a new vocational school. The planned school, which will train up to 240 students annually, will supply the skilled human resources needed to develop Guatemalan industries.

On the heels of the successful Costa Rica Vocational Education Improvement



1 Members of the ICDF Alumni Society joined volunteers and cared for children
2 Orphans in El Salvador

Program, the ICDF conducted the Central America Vocational Education Seminar in Costa Rica in January 2001. Participants included human resources development and vocational education officials and other professionals from seven Central American nations. Attendees discussed the development of vocational education systems, and agreed on the future establishment of a comprehensive vocational training center in Costa Rica, to train Central American vocational education instructors and other personnel. It was also decided to establish a textbook production center to supply materials needed for regional vocational education efforts. To put the recommendations of this seminar into action, the ICDF held classes in Programmable Control and Industrial Electronics in Costa Rica in November 2001, training 14 Central American vocational instructors in these skills.

ICDF Alumni Society

To foster contact and communication among foreign graduates of training programs in Taiwan, the ICDF this year strengthened the ICDF Alumni Society. In this program, 20 or more persons from the same nation who attended ICDF training or seminars in Taiwan may establish a branch of the society in their home country. Other groups (of 20 or more) may establish separate branches in different regions of the country. Each branch of the ICDF Alumni Society shall elect a chairman and vice chairman to serve (without compensation) for two-year terms. The chairman and vice chair-

man are responsible for general affairs and liaison tasks. Branches are to hold a general meeting at least once a year, and other activities may be held as desired or needed. Fellowship created in alumni organizations such as these encourages former students to stay in contact with one another (and their Taiwanese colleagues), cooperatively continue their professional development, and keep the ICDF apprised of their progress.

Humanitarian Assistance

The ICDF Statute requires the ICDF to "provide humanitarian aid to international refugees or countries suffering from natural disasters" (Chapter 1, Article 7). The ICDF recognizes that this requirement is twofold, including not only emergency relief to allied and friendly developing nations during disasters, but also thorough post-disaster recovery assistance. In addition to its pressing disaster-relief humanitarian operations, the ICDF provides ongoing medical, sanitation and nutritional services to many nations, which can both prevent potential health disasters from emerging, and strengthen essential services available in the event of actual disasters. The ICDF's foremost goals in these humanitarian assistance undertakings are in the short term to provide immediately needed aid in the most direct and helpful ways, and in the long term to support lasting reconstruction and address fundamental problems that can worsen the effects of disasters when they strike.

To accomplish these aims, ICDF projects not only utilize ROC overseas technical and medical service mission resources, but also tap the strengths and skills of local people, who work together in the spirit of mutual concern and self-help. This can shorten the duration of post-disaster reconstruction, bolster community spirit, and provide citizens with valuable new technical, professional and leadership skills, leading to far-reaching long-term renewal.

ICDF humanitarian assistance operations this year included emergency natural disaster



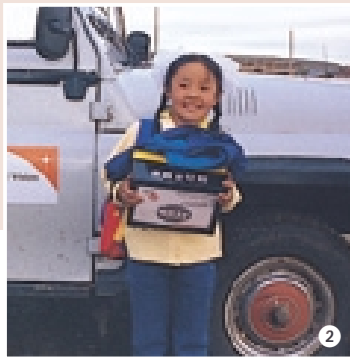
relief, post-disaster reconstruction, and a variety of medical services. Emergency relief efforts included the Mongolia Blizzard Relief Project. Post-disaster reconstruction projects included the El Salvador Bamboo Housing Project and the Peru Earthquake Reconstruction Project. Medical services included assistance and equipment provided to rural areas in the Eastern Caribbean Medical Equipment Donation Program, and clinical services and fieldwork performed by medical service missions stationed in Africa.

Emergency Disaster Relief

Emergency relief is the first stage in the disaster assistance process. During this stage, which is marked by victims' feelings of helplessness and dependency, the ICDF provides citizens with emergency food and materials as quickly as possible. Snowstorms in January of this year caused enormous losses of livestock and property damage in Mongolia's East Gobi, compounding losses stemming from drought in 2000, and dealing a harsh blow to the country's nomadic population. The ICDF created the Mongolia Blizzard Relief Project, and, working with the Taiwanese-Mongolian Association (Taiwan) and the Mongolian-Taiwanese Association (Mongolia), donated US\$47,000 for purchase of necessities (including food grains and household items) for the stricken population.

Post-Disaster Reconstruction

Post-disaster reconstruction is the second stage of humanitarian assistance in the wake of natural disasters. The most



- 1 A child cheerfully accepts a humanitarian aid package
- 2 ICDF medical services volunteer in São Tomé & Príncipe
- 3 Young recipients of ICDF humanitarian aid use new school supplies



lasting work in humanitarian relief begins after emergency relief tasks have been completed, when affected families face the challenge of rebuilding their lives. The success of reconstruction is measured by how quickly and effectively communities are cooperatively rebuilt, enabling residents to resume their lives. Accordingly, in addition to providing emergency relief and resettlement assistance, the ICDF formulates comprehensive reconstruction programs. When earthquakes struck El Salvador and Peru this year, the ICDF allotted US\$200,000 to the El Salvador Bamboo Housing Project, and US\$50,000 to the Peru Earthquake Reconstruction Project. The El Salvador Bamboo Housing Project, created after an earthquake measuring 7.6 on the Richter scale struck the nation on January 13, focused on rebuilding homes in severely damaged areas around the capital city of San Salvador. The ICDF in Taiwan provided reconstruction funds, the ICDF technical mission in El Salvador provided bamboo construction expertise, the Salvadoran government provided land, community infrastructure, and public facilities, and local citizens provided labor. The advantages of easy availability of materials (a previous ICDF project had planted bamboo for soil conservation and handicrafts projects), low costs, and simple construction technology made this project a true success, and approximately 150 bamboo homes were built in a short time. Apart from providing emergency housing to quake victims and

helping them rebuild their communities, the project provided practical construction skills.

The Peru Earthquake Reconstruction Project brought together international organizations, local government, an academic institution and disaster victims during recovery from an earthquake measuring 8.1-8.3 on the Richter scale, which reverberated along the coast of south-central Peru on June 23, 2001. With the assistance of the ROC representative office in Peru, the ICDF provided funding for the rebuilding of homes in the town of Nauquipa in Peru's Arequipa Province. The Department of Civil Engineering of Peru's Catholic University performed design and construction work, while the Peruvian Civil Defense Bureau trained residents in construction skills. The Spanish Red Cross also contributed to the project. The combined efforts of these groups produced 35 new quake-resistant adobe houses in Nauquipa.

Eastern Caribbean Medical Equipment Donation Program

The ICDF focused much of its humanitarian medical aid efforts during the year on four allied nations in the Eastern Caribbean region. Because of difficult conditions imposed by their island geographies, Dominica, Grenada, St. Christopher and Nevis, and St. Vincent and the Grenadines all have urgent needs of improved medical resources. The Eastern Caribbean Medical Equipment Donation Program is providing

essential medical equipment and facilities in these countries. The program calls for provision of US\$100,000 worth of medical equipment to each nation. This equipment is improving village medical clinics, elevating the quality of community medical services, and helping prevent the spread of AIDS. Results have been excellent in many small and isolated communities, earning the gratitude and support of citizens and leaders in these nations.

ROC Medical Missions in Africa

Many nations in Africa suffer severely from dangerous communicable diseases such as AIDS, malaria and cholera. Injuries are also a threat in some of the harsh environments in Africa. To check the outbreak and spread of disease, and enable African nations to handle serious injuries and other health threats, the ROC, with ICDF assistance, currently operates permanent medical missions that cooperate with local and national medical personnel in Chad, São Tomé and Príncipe, Burkina Faso and Malawi. These missions are providing grass-roots-level medical services, donating essential medical equipment and drugs, resolving basic medical problems, and improving nutrition and sanitation services. The medical service missions also make visits to remote villages, many of which previously had limited or no access to modern medical services.

The aim of these missions is to institute comprehensive, modernized medical services in these nations. Their broad responsibilities

include inpatient and outpatient care, internal medicine, surgery, ophthalmology, dentistry, obstetrics, pediatrics and acupuncture.



① Asian Development Bank
 ②③ ICDF acting Secretary General Yang Tzu-pao visits the International Industry Spirit Culture Promotion Association in Japan



Cooperation with International Organizations and NGOs

The ICDF has established fruitful relationships with many different international and regional organizations, and NGOs. Simultaneously, the ICDF is building bilateral ties with other national members of international organizations. These relationships have elevated the ROC's profile and strengthened the ICDF's work in the international community. The ICDF continually uses bilateral and multilateral communication channels with international organizations to achieve consensus during cooperative projects, and is employing its resources to participate in areas including human resources training, technical cooperation, and investment and lending. To generate optimal leverage at lowest cost, the ICDF is vigorously expanding the scope and vision of its international cooperative projects. During the process of these projects, ICDF personnel have opportunities to study international organizations' project management methods, receive professional training meeting international standards, and stay abreast of international trends. Additionally, the ICDF is strengthening its ties with NGOs and seeking further opportunities for cooperation. With their professionalism and grassroots reach, NGOs can help ensure that the full benefits of foreign aid reach intended recipients.

Environmental Pollution Control Project in Critical Areas of El Salvador

The ICDF has provided a US\$7.68 million loan for this project, to assist the Republic of El Salvador in implementing environmental pollution prevention and control programs. The project will establish environmental management systems in three critical areas: air quality management, water quality management and integrated management of solid waste. Work will include assistance with regulatory frameworks, and support for integrated management of municipal solid waste through treatment, collection and disposal. The ICDF is working with the IDB and the El Salvador government to fund the program, while the El Salvador Ministry of Environment and Natural Resources is the principal executing agency.

Achieving Results: Expanding the Scope and Vision of International Cooperative Projects

The ICDF and the IDB have worked together for several years to finance development projects conducted by Central American nations. Efforts were made this year to expand the scope of these cooperative projects. The Government Capacity Building in the Dominican Republic project has sought to strengthen democracy in the

nation by helping the Dominican Congress perform its legislative, supervisory and representative functions, and maintain its role as an independent auditor. The Belize Tourism Development project has developed the nation's tourist industry, increasing employment opportunities and government income, while preserving the natural environment and ancient Mayan ruins. The Environmental Pollution Control Project in Critical Areas of El Salvador has helped the nation formulate a comprehensive pollution prevention strategy. These cooperative projects have relied heavily on international organizations' planning abilities, and have enabled the ICDF to expand the scope of its cooperative projects into areas of democratization, tourism and environmental protection. Also, the ICDF has teamed up with World Links to fund middle school online education in Burkina Faso, Costa Rica, El Salvador, Paraguay and Senegal. This is a good example of how the ICDF is using cooperation with an international organization to expand its education and training operations. As for expanding the geographical scope of its projects, the ICDF has placed US\$12.5 million in a special investment fund managed by the EBRD. This fund is being used to invest in private businesses or quasi-private state-run enterprises in areas of central and eastern Europe, and

Eurasia. The project has helped the ROC establish cooperative relationship throughout these regions.

Relying on the ROC's Comparative Advantages: Development Experience and Professionalism

The ICDF technical mission in Nicaragua this year signed a contract with CABEI for a vegetable- and rice-growing professional training class project. CABEI will provide funding support, and the ICDF technical mission will bear responsibility for training. The project allows the mission to make the most of its expertise in agricultural technology, while establishing a model for future cooperation between the mission and other NGOs. Additionally, the ICDF has responded to a request for assistance from the IDB by sending corporate development specialists to participate in a Paraguayan center-satellite system project. The project's goal is to help Paraguayan SMEs supply to larger domestic firms or serve as processing satellites, helping SMEs expand their markets, improve product quality and enhance market competitiveness. The ICDF also signed a technical cooperation letter of intent with CABEI this year. This expanded bilateral technical cooperation will enable the ROC to better share its successful SME development experience with allied Central American nations.



1 Micro-enterprise hair salon in Dominican tourist market
2 Micro-enterprise craftsman



Improved Project Quality through Cooperation with International Organizations

In its education and training programs, the ICDF has hired instructors from international organizations to teach classes in the ROC, improving the quality of ICDF international human resources operations. WTO officials have been invited to lecture on trade extension, agriculture and trade negotiations. Additionally, the Netherlands Organization for International Cooperation in Higher Education has sponsored a cooperative relationship between the ICDF and Wageningen University and Research Center. Academics from Wageningen University have been invited to the ROC to teach seminars on the Netherlands' development experience.

Diverse Cooperation with NGOs

The growing professionalism and grassroots reach of many NGOs have attracted considerable attention in recent years, and the ICDF is strengthening its relationships with these organizations. The ICDF is working with NGOs on a rural micro-lending project in Burkina Faso, an SME financing project in the Solomon Islands, a micro-lending project in Haiti, a private sector lending project in Macedonia, and a micro-lending project in the Caribbean region. In these projects the ICDF assessed conditions, while the NGOs bear responsibility for implementation. Moreover, the ICDF has made cooperation with local NGOs an

important model for humanitarian aid projects. With their project implementation experience and ability to provide grassroots services, local NGOs can enhance the benefits of humanitarian aid.

The Micro-Credit Project in the Eastern Caribbean Region

In partnership with NGOs, this project will help the region's small and micro-enterprises obtain the loans they need to grow. The governments of Dominica, Grenada, Haiti, St. Christopher and Nevis, and St. Vincent and the Grenadines have mapped economic development strategies that emphasize support of micro-businesses, including handicrafts artisans, drivers, independent tour operators, family-owned restaurants, beauty salons, roadside food or souvenir stalls, and micro-enterprises related to the agriculture industry.

Active Communication Mechanisms

To establish regional cooperative relationships and effective communication mechanisms, the ICDF conducts regular conferences with the EBRD and the ADB. These conferences provide opportunities to discuss aid strategies, development projects and future cooperation. As well, the ICDF sends representatives to attend the annual meetings of CABEL, the EBRD and the ADB.

Conclusion

The ICDF conforms to the operational approaches and implementation strategies described above when conducting its international cooperation projects, and has achieved outstanding results. This year, ICDF cooperative projects have focused on global issues that reflect international trends and support ROC diplomatic policies. The ICDF's core projects typically reflect, on a small scale, matters of common international concern such as democracy, human rights, culture, environmental protection, humanitarian relief and poverty alleviation. These concerns are always central to ICDF cooperative work. By carefully calibrating project planning and implementation, making sure they conform to ROC diplomatic policies, and helping local people create wealth, the ICDF is making a tangible contribution to international society.