

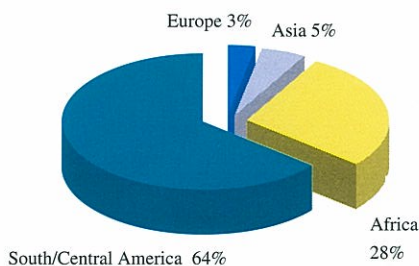
# OPERATIONS

## Technical Cooperation

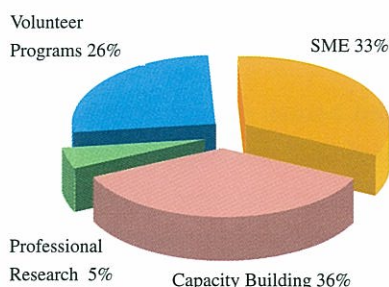
The ICDF has five major Technical Cooperation operations—small and medium enterprise guidance and consultation services (SME Advisory Groups); assistance to governments of developing countries for capacity building; professional research; volunteer programs; and projects commissioned by the Ministry of Foreign Affairs. In the past year, the ICDF has mobilized a number of technical support projects, among which four enterprise guidance projects, seven consultation services, seven capacity building projects and four research projects, totaling 22 different cases (see Chart 1).

In addition to sending volunteers to the Commonwealth of Dominica to participate in a six-week electronics maintenance project, the ICDF sent 27 other volunteers to 11 different countries. As part of the projects commissioned by the Ministry of Foreign Affairs, the ICDF dispatched 50 technical missions, totaling more than 300 members, to 36 countries in the African, South and Central American, Caribbean, Asian Pacific and West Asia regions. These technical support groups assisted cooperating countries in various ways to develop their agricultural, fishery, livestock, medical, handicraft, transportation and printing industries.

The ICDF also has on reserve 60 experts in various fields who are receiving additional training. Furthermore, it can, in collaboration with the Ministry of Foreign Affairs, the Council of Agriculture and the Provincial Government Department of Agriculture and Forestry, organize and dispatch technical and professional evaluation and planning teams to provide operational evaluations and supervision as required.



Graph 1: Geographical Distribution of Expenditures



Graph 2: Operational Distribution of Expenditures

## Operational Emphasis

In the 1998 fiscal year, areas under the responsibility of the ICDF Technical Cooperation department included South and Central America, Asia Pacific, Africa and Europe, for an estimated budget expenditure of US\$4.779 million. SME advisory groups consumed 33 percent, or US\$1.59 million of the budget; capacity building accounted for 36 percent or US\$1.72 million; professional research cost 5 percent or US\$250,000; and 26 percent or US\$1.219 million was expended for volunteer programs (see graphs 1 and 2).

## Small and Medium Enterprise Assistance Projects

### Project Objectives

#### **Strengthening institutional and administrative guidance**

Despite their aspiration for economic development, many developing countries find themselves hampered by restrictive government policies. As a result, SMEs are restricted in their growth and competition. The ICDF has therefore begun to devise business objectives and methodologies to help such enterprises thrive in developing countries. It also offers guidance in helping to establish organizational links between the government and private enterprises.

#### **Assisting cooperating countries in developing industrial strategies**

Based on the productive resources of a particular country, the ICDF endeavors to establish strategies that will benefit local markets and strengthen competitiveness. The current assistance projects in seven countries within South America are modeled according to this objective.

#### **Combining efforts with other operations within ICDF**

The ROC's economic experience provides a valuable reference for countries which are establishing their own development policies. All operations within ICDF collaborate in presenting information when government personnel from developing countries visit the ROC. Furthermore, training programs in Taiwan help to transfer knowledge to administrative personnel from other countries so that they are more knowledgeable and capable of carrying out the desired projects once they return home. Volunteers stationed in the cooperating countries also act as a liaison between the host country and the ROC experts sent there.

#### **Strengthening the supervision of assigned organizations**

From time to time, because of limited human resources, the ICDF contracts outside organizations to help with SME assistance projects. To ensure optimum results, the ICDF schedules periodic supervision of each organization. As part of its routine procedures, the ICDF requires that all projects have a clear objective, that all experts receive training before their departure, and that full reports of work accomplished be submitted to the ICDF upon completion.

### **Utilizing local human resources**

Cost effectiveness can result from using local human resources to achieve the desired objectives. To lower the cost of projects and to ensure that these integrate successfully into the local economy, the ICDF encourages the recruiting of domestic experts to assist in their implementation.

Six projects were completed during this fiscal year and four are in progress.

### **SME Advisory Groups in Outer Mongolia**

This project was completed in September 1997. The ICDF provided 20 man-months (16.5 within this fiscal year) of guidance services. The objective of this project was to assist the Industrial Department of Mongolia to establish an enterprise consultation organization called MOTRA. Additional guidance was also provided to increase production and sales in the food processing, leather, wool and small hotel industries.

### **SME Study in the Baltic Sea Region**

Assigned by the Ministry of Foreign Affairs, this project was carried out by a mission organized by the ICDF. The mission was dispatched to the Baltic Sea region for approximately three man-months and acted as a study group in helping the three countries of that region to develop their trading and credit strategies in a synergistic way. A laser technology expert was also sent to evaluate the possibility of joint ventures among the three nations and the ROC.

### **Trading Development Study in Argentina**

An expert was sent to Argentina for one half month to counsel the country in trading and export strategies.

### **Synergy System Development in Paraguay**

At the request of the Inter-American Development Bank, an expert from the Corporate Synergy Development Center was sent to Paraguay for two months to assist the government in developing a synergistic system, to help bridge the gap between large enterprises and SMEs.

### **Upgrading the Electrical System of the Congressional Hall and of the National Sports Arena in Saõ Tomé and Principe**

Two electrical experts were sent to Saõ Tomé for a total of three man-months to assist in the upgrading project of the central air system and of the lighting system of the two buildings mentioned.

### **Consulting Services for SMEs by the ROC Industrial Research Organizations**

At the request of the Inter-American Development Bank, an ROC expert was sent to Central America for one half month to conduct seminars on technological advancement and productivity improvement.

### **SME Advisory Groups in Seven Countries within Central America**

Covering a total of 47.5 man-months, ROC experts were sent to seven countries within Central America to conduct seminars designed to assist these countries in formulating industrial development strategies and to provide SMEs with knowledge on how to achieve organizational efficiency.

### **SME Advisory Groups in the Dominican Republic**

Fifteen man-months of assistance were provided to the Dominican Republic during this fiscal year, with the aim of helping the country to establish a central management training program.

### **SME Advisory Groups in Swaziland**

The objective of this project is to help Swaziland establish a strong SME base and to strengthen the government's role in helping these enterprises. In response to the project goal, the Swaziland government in April 1998 officially allocated a budget to establish a SME Unit. The functions of the SME Unit are similar to those of the Medium and Small Business Administration of the ROC Ministry of Economic Affairs. Thirteen and one half man-months of consulting services were provided to Swaziland during the past fiscal year. The consulting services ranged from business seminars, investment planning and credit issues to practical subjects such as how to establish a business.

### **Vegetable Research Cooperation Program in Five Central American Countries**

This program, a collaborative effort between the ICDF and the Central American Bank for Economic Integration, is in its second year of operation. The objectives are to train specialists in horticultural research and to perform experimental cultivation of crops provided by the Asia Vegetable Research and Development Center.

### SME Advisory Groups in Poland

This project was initiated by the former IECDF. The details of the project agreement are still being negotiated between the ROC Ministry of Foreign Affairs and the Polish government.

### SME Technical Cooperation Program for the Kingdom of Swaziland

**Objectives:** To help Swaziland build up SMEs; to train the marketing and managerial personnel of the local SME advisory unit; to establish production and marketing strategies; to set guidelines for the operation of the SME development center; and to assist SMEs in acquiring credit from financial institutions.

**Target Sectors:** Swaziland and SME government sector

**Description of Programs:** Consultation services and training for the government and SMEs. For SME investors at this primary stage of investment evaluation, to provide guidance on SME accounting regulations, to sponsor SME development seminars, and to provide information on SME investments and operations.

**Budget:** US\$350,000

**Duration of Program:** Two years

**Status of Program:** Up to 22 May 1998, the ICDF had conducted four seminars on "SME Industrial Management in Swaziland." Five local companies completed their investment plans and applied for consultation services. Our experts stationed in Swaziland, who have provided 13.25 man-months of services, are currently evaluating the proposed projects and advising these five companies.

### Capacity Building Projects

In capacity building, the emphasis is on assisting cooperating countries to establish basic vocational training programs and to improve the government's managerial efficiency. For most developing countries, the lack of vocational training of their citizens is a major obstacle to their economic development. During this fiscal year, the ICDF has provided assistance to cooperating countries in establishing vocational training centers, by transferring technological know-how and helping to fund training facilities. The ICDF also provided equipment to several countries to upgrade and reform their managerial skills and improve their operational efficiency.

Projects completed in this fiscal year included institutional building for the Gambian government, Paraguay Technical Cooperation Center, Costa Rica Vocational Training Center and Vietnam Ho Chi Minh City Nah Be Vocational Training Center. Among the projects in progress are the Packaging Program in seven Central American countries, and projects under preparation include the Vocational Training Centers for the garment industry in Burkina Faso and Haiti.

### **Capacity Building Project for The Gambia**

The ICDF assisted the Central Bank of Gambia, the Ministry of Finance's Bureau of Taxation and Bureau of Statistics, and the Ministry of Foreign Affairs to improve their capacity building. Areas covered under the plan included improving managerial and service efficiency, and upgrading data collection, statistical research and data analysis ability. The ICDF has completed installing the computer hardware and software which it donated and is currently training local personnel.

### **Donation of Heat Treatment Facility to the Paraguay Technical Cooperation Center**

Following the agreement made at the eighth annual ROC-Paraguay Economic Cooperation Conference, the ICDF agreed to donate a set of heat treatment training equipment. The facility arrived in Paraguay in September 1997 and was fully installed and tested by the end of December.

### **Costa Rica Computer Vocational Training Program**

In coordination with the ROC volunteer program, the ICDF donated a volunteer service school comprising three separate units (a technical college, a specialized college and a vocational high school) and a computer education center to Costa Rica.

### **Vietnam Ho Chi Minh City Nah Be Vocational Training Center Improvement Program**

This program, whose main goal was to upgrade the center's computer system and the sewing school's educational hardware, was completed in May 1998.

### **Packaging Program in Seven Central American Countries**

Equipment for four packaging laboratories was purchased this year. Experts were sent to El Salvador University to supervise the installation process and to train packaging specialists.

### Vocational Training Center for Small Enterprises in Burkina Faso

The objective of this program is to assist the government of Burkina Faso government to establish a garment manufacturing training center, where people can learn the necessary skills and specialized technicians can be trained. An outline of the program has been sent to Burkina Faso for evaluation; once approved, the ICDF will launch the process of procuring equipment and selecting consultants.

### Vocational Training Center for Small Enterprises in Haiti

This program was originally set up as an SME advisory project. However, it was found that facilities for adapting a working SME model in Haiti were inadequate and, at the request of the Haitian government, the project was changed to the development of a vocational training center.



### Capacity Building Project for The Gambia

**Objectives:** To help establish functional and service efficiency in the Central Bank of Gambia, Ministry of Finance Bureau of Taxation and Bureau of Statistics, and Ministry of Foreign Affairs; and to assist the government of The Gambia to improve its statistical research, data collection and data analysis through the use of personal computers.

**Description of Program:** The following 586 personal computer equipment, with software, was donated: 14 to the Bureau of Taxation, Ministry of Finance; 10 to the Central Bank of Gambia; and 10 to the Budget Analysis Department of the Ministry of Finance. Twenty computer specialists were sent to The Gambia to help with installation and training.

**Budget:** US\$200,000

**Status:** All computer equipment and software were shipped to The Gambia in April 1998, and computer experts were dispatched on 30 April.

## **Professional Research**

In order to plan programs that will guarantee optimum results, a considerable amount of research and feasibility studies on economic, financial, societal, environmental, organizational and commercial structures is required. The ICDF assists recipient countries to undertake feasibility studies according to the needs of the project.

The preliminary survey for the Northern Central America Railroad Corridor Project was completed this year. Research was also done on the feasibility of operating an El Salvador export processing zone; the possibility of ROC private investment in El Salvador; and the practicability of mechanizing the Fiji sugar industry.

### **Preliminary Survey for the Northern Central America Railroad Corridor Project**

Due to the similarities in socioeconomic structure and the proximity of Guatemala, El Salvador and Honduras, this project investigated the possibility of joining together the railroad systems of the three countries.

### **El Salvador Export Processing Zone**

With the notion of attracting ROC investors to invest in El Salvador, the El Salvadorean government proposed the development of an export processing zone and an agreement was reached between the two governments in July 1997. Surveys on the possibility of opening the market to ROC investors were sent to the ROC Ministry of Foreign Affairs and its embassy in El Salvador for review.

### **Survey on Interest of ROC Entrepreneurs in Investing in El Salvador**

Given the discussions on the export processing zone project, a survey on the interest of ROC businesspeople in investing in El Salvador was conducted. One of the major purposes of the survey was to serve as a guideline in developing any future processing zone.

### **Fiji Sugar Plant Mechanization Project**

In order to reduce the production costs of sugar plantations, the Fiji government requested the ROC's assistance in transferring technology to mechanize its sugar industry. An ICDF specialist studied the potential benefits of such a project, based on the economic and commercial structure of the country.



### **Preliminary Survey for Northern Central America Railroad Corridor Project**

**Purpose:** Due to the similarities in socioeconomic structure and proximity of Guatemala, El Salvador and Honduras, the goal of this project was to enhance commercial ties among the three countries and thus strengthen their competitiveness in the North American market. The Central American Railroad Committee requested the assistance of the ROC government to build a railroad corridor that would connect the existing 481-km railroad that runs separately within the three countries.

**Objectives:** To determine the necessity for subsequent research.

**Scope of Research:** To collect historical data on the railway systems of the region; to perform site analysis; to draft developmental strategies; and ultimately to determine the advisability of continuing this project.

**Conclusion:** Based on the reports produced from the preliminary research, it was suggested that the railroad corridor project be put on hold for the following reasons: (1) the efficient highway systems of the three countries are gradually replacing the railway systems as the major ways of transportation; (2) the high cost of the project would create a substantial financial burden for the three countries; and (3) the lack of a unified organizational structure among the three countries makes a connecting system unfeasible at this time.

### **El Salvador Export Processing Zone and ROC Investors' Interest in El Salvador**

**Purpose:** Since the stabilizing of its economy in 1989, El Salvador has experienced encouraging economic growth. In order to develop its industries and to reduce the unemployment rate, the government of El Salvador proposed a joint venture to establish an export processing zone. The hope was that ROC entrepreneurs could be attracted to invest in the country. An agreement having been endorsed by both sides, the ICDF dispatched a team of researchers to El Salvador to determine the practicability of such a project.

**Objectives:** (1) To determine the necessity of an export processing zone; and (2) to assess the interest of ROC businesspeople in investing in El Salvador.

**Scope of Research:** To undertake intensive studies on (1) the commercial, social and natural resources of El Salvador; (2) the current investment and trade markets of El Salvador; (3) the facilities required to develop an export processing zone; and (4) the level of interest of ROC entrepreneurs in investing in El Salvador.

**Conclusion:** The results of the study showed that there are adequate export processing zones in El Salvador at this time. Given the high cost of developing a new processing zone, it was recommended that the project be postponed for a few years.

**Chart 1: Summary of 1998 Technical Cooperation Programs**

Program	Description	Status
1. SME Advisory Groups in Seven Central American Countries	To assist in formulating industrial development strategies	47.5 man-months of expert assistance provided in the region
2. SME Advisory Groups in the Dominican Republic	To help SMEs in the Dominican Republic become internationally competitive	15 man-months of expertise sent to the region
3. Consultation Services for SMEs provided by the ROC Industrial Research Organizations	Vice president of the Institute for Industrial Research was sent to Central America as consultant	Completed
4. Vegetable Research Cooperation Program in Five Central American Countries	To train specialists in horticultural research	Performed experimental cultivation of crops provided by the ROC's Asia Vegetable Center
5. Synergy System Development in Paraguay	To assist the Paraguay government in developing a working synergy system	Completed
6. Trading Development Study in Argentina	To provide Argentina with trading and export strategies	Completed
7. SME Advisory Groups in Swaziland	To assist Swaziland in developing SMEs	13.5 man-months of expertise sent to the region
8. Congressional Hall and National Sports Arena in Saõ Tomé and Príncipe	To upgrade electrical and central air systems of the Hall and Arena	Completed
9. SME Study in the Baltic Sea region	To provide SME development consultation services to the three Baltic Sea nations	Completed
10. SME Advisory Groups in Poland	To assist the Polish SMEs in developing an electronics industry	Under negotiation
11. SME Advisory Groups in Outer Mongolia	To provide assistance in establishing an SME consulting organization and to help develop various industries	Completed
12. Capacity Building Project for The Gambia	To assist the Central Bank of The Gambia, Ministry of Finance and Ministry of Foreign Affairs in improving their capacity building	Completed

13. Vocational Training Center for Small Enterprises in Burkina Faso	To assist the Burkina Faso government in establishing a garment manufacturing training center	Under negotiation
14. Packaging Equipment Program for Seven Central American Countries	To help build a Commodity Packaging/Design Center and to train professional packaging personnel	Laboratory facilities completed
15. Costa Rica Vocational Training Organization Improvement Program	To help improve the Costa Rican computer education standards	Completed
16. Heat Treatment Facility to Paraguay Technical Cooperation Department	To donate a set of heat treatment training equipment	Completed
17. Vocational Training Center for Small Businesses in Haiti	To assist Haiti in developing the vocational skills of its people	Under preparation
18. Vietnam Ho Chi Minh City Nah Be Vocational Training Center Improvement Program	To upgrade the center's computer system and the sewing school's educational hardware	Completed
19. Preliminary Survey for the Northern Central America Railroad Corridor Project	To evaluate the feasibility of connecting the railroad systems of Guatemala, El Salvador and Honduras	Completed
20. El Salvador Export Processing Zone	To evaluate the feasibility of building another export processing zone	Completed
21. Survey on ROC Entrepreneurs' Interest in Investing in El Salvador	To study the interest of ROC businesspeople in investing in El Salvador	Completed
22. Fiji Sugar Plants Mechanization Project	To evaluate the feasibility of mechanizing the sugar industry in Fiji	Completed

## ROC Volunteer Corps

### Recruitment

Initially, the ICDF was responsible for recruiting its own volunteers. However, this year the ICDF decided to utilize the wide network of human resources of the China Youth Corps (CYC) and commissioned it in October 1997 to take over the recruitment process. As a result, this year's new recruits are younger and better educated.

Twenty-five candidates were chosen from among 221 applicants. After one month of intensive training, the ICDF narrowed the candidates down to 22, and these volunteers were sent to 11 countries.

Each agricultural technical mission leader is now responsible for managing his/her own assigned volunteers.



### Broader Scope

In addition to being involved in regular programs, the volunteers are now also serving as interns on agricultural technical missions (ATMs). Fourteen of the volunteers are involved in computer education, SME consultation service and rural improvement programs, while the remaining eight volunteers serve as interns on technical missions.

Depending on their skills and interests, these interns may develop into full-time members of the ATMs.



## Projects Commissioned by MOFA



After the merging of the CITC with the ICDF on 1 July 1997, all former CITC technical mission projects became part of the ICDF programs. Over the past 40 years, the ROC has been actively involved in agricultural technical cooperation with friendly nations, and has played a major part in their agricultural and overall economic growth. As free trade has become the new trend in today's society, the ICDF hopes to incorporate commercial projects with agricultural ventures, to promote a vibrant economy that will help our cooperating nations to grow.



In order to achieve the greatest benefits from the merging of the two organizations, the ICDF has established a set of guidelines that stress (1) flexibility and professionalism and (2) efficiency and effectiveness.

Since the technical missions are commissioned by the Ministry of Foreign Affairs, the ICDF operates according to the policies set forth by the ministry, while giving the project organizers the flexibility needed. Project plans are carefully designed, taking into account the technical, economic, social and commercial needs of the cooperating country.



To keep operating costs as low as possible, without compromising on the outcome or affecting diplomatic relations, all aspects of a project are carefully designed. Special attention is paid to the implementation process and evaluation procedures to ensure that each project is being carried out efficiently and effectively, and supervising teams are sent out regularly to the cooperating countries.

To enhance the quality of the programs, the ICDF recruits professionals to be project leaders and gives them the flexibility and authority to manage the mission members. Mission members gain a good understanding of the projects in progress within different areas, as they serve on a rotation basis in different locations and assume responsibility for varying types of assignments.



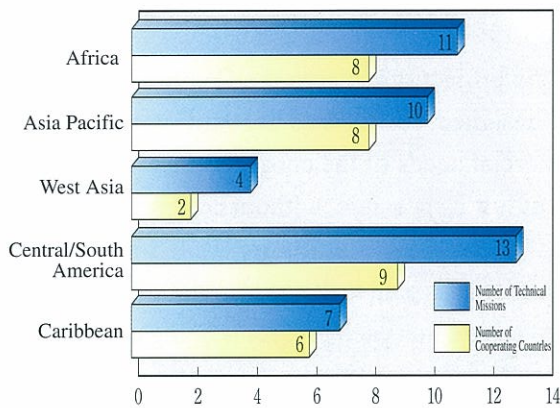
This year a set of rules and regulations for technical mission members was drawn up, to ensure that the missions will function efficiently and with greater effectiveness.



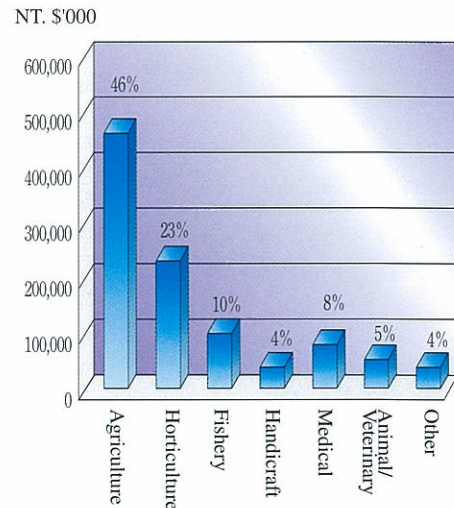
### Mission Statistics

The total expenditure on missions for the 1998 fiscal year was NT\$1,144,504,000. Fifteen missions were sent to 10 countries in Africa; nine missions were dispatched to seven countries in the Asian Pacific region; four missions went to two countries in West Asia; and 13 missions were sent to nine countries in the Central and South American region. In all, there were 50 missions executing different projects in 36 countries (see graph 3).

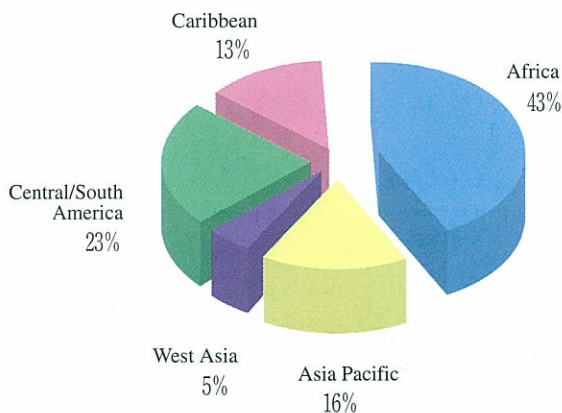
The breakdown of expenditures can be viewed on graph 4, and the allocation of projects is illustrated by graph 5.



Graph 3: Geographical Distribution of Technical Missions

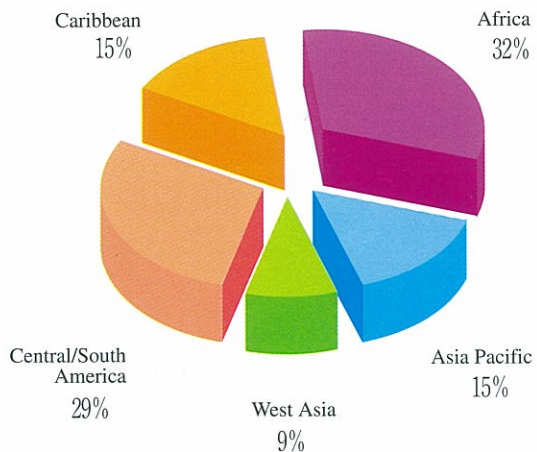
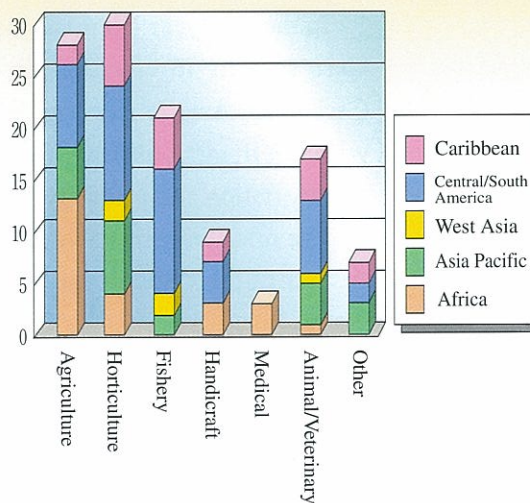


Graph 5: Distribution of Expenditure on Technical Missions by Project



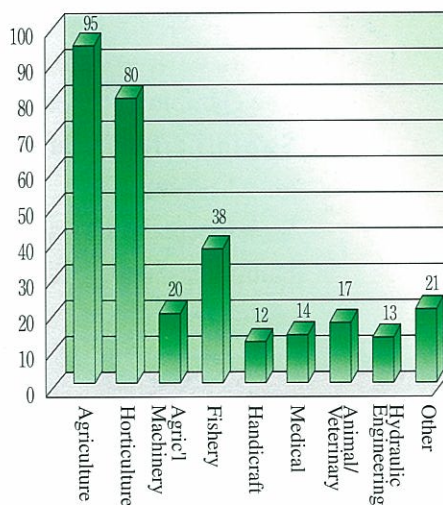
Graph 4: Distribution of Expenditure on Technical Missions by Location

Graph 6: Distribution of Technical Mission Projects by Location



Graph 7: Distribution of Technical Mission Members by Location

Graph 8: Distribution of Technical Mission Members by Specialty



## Technical Missions

In the past year, 50 missions, comprising more than 300 members, were sent to 36 countries in Africa, Central and South America, Caribbean, Asia Pacific and West Asia to help cooperating countries with their agricultural, fishery, livestock, medical, handicraft, transportation and printing industries.

The mission teams achieved 97.2 percent of their goals during the first half of the fiscal year and 97.8 percent during the second half of the year.

Evaluations of the teams' performance and progress made by the ICDF showed the following results.

### Missions with outstanding results

- Burkina Faso Technical Mission (Bagré Reclamation District and dryland rice extension projects)
- Senegal Technical Mission (microlending program for vegetable farmers and dryland rice extension projects)
- Costa Rica Technical Mission (floriculture projects)
- Honduras Technical Mission (cage culture)
- St. Christopher Technical Mission (horticulture project)

### Awards given for outstanding performance

This year, the Best Mission award was presented to the Burkina Faso ATM; the Best Leader award was given to Mr. Chun-hsiung Liu of the Senegal ATM; and Best Service awards were given to Ms. Lien-fen Tseng of the Guinea-Bissau Medical Team, Mr. Sen-sung Wu of the Guinea-Bissau ATM and Mr. Hui-hsiung Liu of the Solomon Islands Technical Team.

### Missions with acceptable results

- The Gambia Technical Mission (rice extension project)
- Swaziland Technical Mission (corn field project for small farmers is on schedule)
- St. Vincent Technical Mission (pig farm project could be stronger)
- Dominica Technical Mission (cultivation and vegetable projects are on schedule)



### **Missions that need more guidance and improvement**

- Malawi Technical Mission (horticulture project needs to be readjusted)
- Ecuador Technical Mission (focus of the mission has been changed to vegetable and rice planting)
- Belize Technical Mission (the three-step rice seed production system, vegetable production and marketing team need to be strengthened)
- Grenada Technical Mission (vegetable and floriculture projects need to be strengthened)

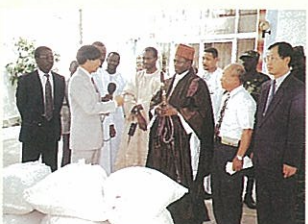
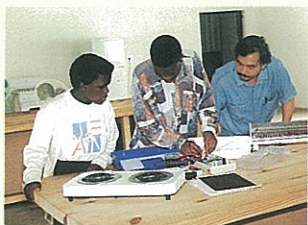
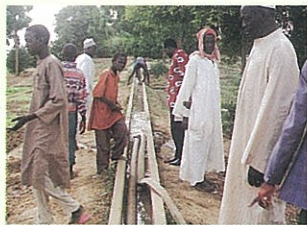
### **Human Resources Training Program**

The ICDF has on reserve a total of 54 members in various central and provincial government departments including the Department of Agriculture and Forestry, Water Conservancy Bureau, Taiwan Fishery Research Institute, Taiwan Sugar Corporation, Bureau of Commodity Inspection and Quarantine, and Pingtung County Livestock Disease Control Center. Three of six commissioned trainees are ready to go on duty. Two new reserves were chosen in April for intensive training.

### **Program Reformation**

Considering the limited resources available, the ICDF hopes to cooperate with NGOs. The launching of projects that have not yet been implemented will take place only if there is a clear expectation of substantial benefits. Only projects that produce substantial benefits for the recipients will be funded. Projects that are not producing expected benefits will be terminated.

To reduce overhead costs, overlapping functions and organizations will be streamlined. Budget allocation for personnel costs will be reduced, thus increasing substantially the funds for operations.







## Investment and Lending



The focus of this year's investment and lending program continues to be in the area of infrastructure development, industrial parks, SME development, microlending and cooperation with international financing organizations.



### Core Projects

Projects that have been signed include:

- Costa Rica Moin Harbor Project
- Southern Highway Rehabilitation Project in Belize
- Hanoi Industrial Park Development Project
- Subic Bay Industrial Park Development Project
- Swaziland International Highway Project
- EBRD Investment Funds

Projects pending approval are:

- Poland SME Relending Project
- Microlending Program in Burkina Faso
- Haiti Microlending Institution Development Plan

- Each country in the East Caribbean region was given US\$100,000 for a medical clinic improvement program.

- The proposed Swaziland Reservoir Project has completed its primary evaluation phase and is ready to proceed to the second phase of evaluation.

## Microlending Program for Small Farmers

Designed to maximize the beneficial effects of the ATM projects within the host countries, this program will provide the necessary loans to participating farmers to invest in the technology they need to improve their agricultural initiatives. Loan projects for four countries in the Caribbean region have been evaluated and are to be implemented next year, under which a Revolving Fund of US\$100,000 will be established in each of St. Christopher, Dominica, St. Vincent, and Grenada. In addition, a microlending program will be established for farmers participating in the Burkina Faso ATM.



### International Cooperative Programs

The ICDF is planning to cofinance the Haiti Urban Water Supply Project and Honduras Urban Planning Project with the **Inter-American Development Bank**

The ICDF and the **European Bank for Reconstruction and Development** are cooperating on the Private Entrepreneur Investment Fund.

A small and medium enterprise project has been established to channel financing to five countries in Central America, through the **Central American Bank for Economic Integration**, for the development of SMEs in those countries.

The ICDF is cofinancing the Swaziland Highway Project with the **Africa Development Bank**.

## Promoting Investment Operations

Although investment has been intrinsic to the ICDF's plans, the risks involved and the lack of human resources have made it difficult to implement the plans fully. This year, however, we will be cooperating with the EBRD in a joint investment project called the Private Entrepreneur Investment Fund.

## Supervising Loan Programs in Progress

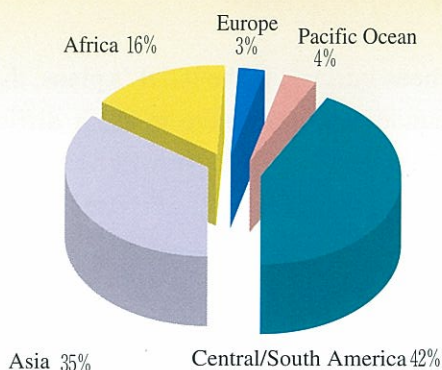
As part of the continual assessment process, ICDF supervising teams were sent to evaluate the progress of the Papua New Guinea Water Supply Project, the Subic Bay Industrial Park Loan Program, and the Panama Export Processing Zone Project. Additional personnel were sent to review and modify projects, including the Philippines SME Revolving Fund, the Philippines Agricultural Equipment Revolving Fund, the Paraguay SME Revolving Fund, the Papua New Guinea Water Supply Project and the Indonesia Rural Credit Program.

Two projects, the South Africa Microlending Program for Small Farmers and the Russia SME Relending Program, were terminated at the end of the agreement term. Furthermore, the ICDF is currently negotiating with the Asian Development Bank and the Philippines government to cancel the proposed Manila Water Supply Project.

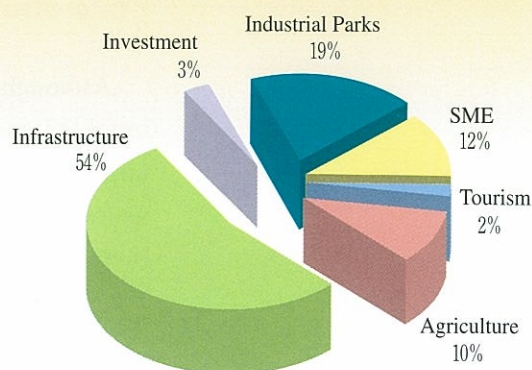
## Status of Loans

As of June 1998, there were 31 contracted loan programs (exclusive of terminated ones), with a total of US\$377.4 million promised. Of that amount, US\$218.18 million had been transferred to the corresponding countries. The sum of US\$158.74 million was distributed among 11 cases that are ready to make repayment, with total repayments to date having reached US\$22.38 million. The remaining 18 cases are being processed, with US\$59.438 million or 16% of the total committed amount of US\$218,674,000 having been transferred to the corresponding countries. The Central and South American region has received the highest proportion of the loans (47%), with Asia accounting for 32% of the loans (see graphs 9 and 10).

With the exception of the former IECDF sponsored projects, Subic Bay Industrial Park and the Taiwan Hanoi Industrial Park, most of the recent cases sponsored by the ICDF focus on microlending programs in Africa.



Graph 9. Geographical Distribution of Approved Loans



Graph 10. Program Distribution of Approved Loans

LOAN PROGRAM	COMMITTED		DISBURSED	
	COMMITTED	DISBURSED	COMMITTED	DISBURSED
Completed Loan Disbursements	158,740,000	158,740,000	158,740,000	158,740,000
In Progress	218,674,000	59,438,000	218,674,000	59,438,000
Total	\$377,414,000	\$218,178,000	\$377,414,000	\$218,178,000

## Overview of 1998 Approved Lending Programs

### European Bank for Reconstruction and Development Co-Investment Project

(Approved on 9 May 1998)

Amount of Investment: US\$12,500,000

Term of Loan: 10 years

This is the first foreign investment project implemented by the ICDF. Via the Financial Intermediary Investment Special Fund, the ICDF will engage in various investment ventures with the EBRD within Eastern Europe and the Middle East. Although the main focus is on private enterprises, funding may also be extended to successful public enterprises.

### Subic Bay Industrial Park—Phase II

(Approved on 22 May 1998)

Amount of Loan: US\$14,000,000

Term of Loan: Five years, with a two-year grace period

This is part of the ongoing program to expand the opportunities for ROC investors to invest in the Philippines. Phase II, situated on the southeast side of Phase I, covers an area of 47.91 acres. With the building of even better factories and public facilities than in Phase I, Phase II will create substantially more employment for the local people when it is completed by the end of 1999.



### **Taiwan Hanoi Industrial Park Development Project**

(Approved on 22 May 1998)

Amount of Loan: US\$8.4 million

Term of Loan: Three years, with a two-year grace period

The Taiwan Hanoi Industrial Park Development Corp., a private corporation established by ROC entrepreneurs, is responsible for the development of the park. The main function of the ICDF is to provide a bridge loan of three years for the building of the park.

### **Burkina Faso Rural Credit Program**

Program Cost: US\$2.5 million

Term of Loan: 25 years, with a seven-year grace period

This loan program, designed to alleviate poverty in rural areas, targets farmers and women. The hope is that farming can be strengthened and that women can be helped to enter the job market. Residents of the area will act as each other's guarantors, and repayment relies on a system of honesty buttressed by peer pressure.

### **The Gambia Credit Program for Women**

Program Cost: US\$110,000

Term of Loan: Two years

Although women in The Gambia constitute 60% of the rural labor force, the accessible loan programs are not open to them, forcing many of them to turn to black market lending institutions. To combat this problem, The Gambia has received assistance from external donors to establish a series of non-government savings and loans organizations. Since its founding, The Gambia Women's Finance Association has made remarkable progress in its savings and loans program. The main purpose of the ICDF project is to provide technical assistance to the association and to help the association in becoming financially independent within five years.

### **Microlending Program for Small Farmers**

Program Cost: US\$3 million

Term of Loan: Varied

Since the first agricultural and fishery programs started some 40 years ago, the ATMs and FTMs have provided many countries with technical assistance. Their tasks have focused primarily on crop experimentation and product improvement, but seldom loans or grants to expand the work to long-lasting effect. With this in mind, the ICDF is now providing small loans to farmers participating in the ATM projects.

## Overview of Approved Loan Programs for 1998

### SME Revolving Fund for Five Countries in Central America

Amount of Loan: US\$50 million

Term of Loan: Ten years, with a three-year grace period

In the past, Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua) has suffered from economic hardship as a result of high unemployment rates and uneven distribution of income. In the hope of solving this problem, the Central American Bank for Economic Integration (CABEI) signed a loan contract with the ICDF last September to help develop SMEs in the region. The CABEI will act as a channel for dispersing the US\$50 million loan to local banks within the region. These banks, will in turn, onlend the money to SMEs in accordance with the local interest rates.

### Costa Rica Port Moin Expansion Project

Amount of Loan: US\$15 million

Term of Loan: 15 years, with a three-year grace period

Costa Rica, a country that touches the Pacific on the east and the Atlantic on the west, has a 1,000-km stretch of coastline. Despite such an advantageous location for sea transport, its government has been unable to develop its coastline due to insufficient funding. Port Moin is located 10 km west of Costa Rica's largest seaport, Port Limon, which has reached its capacity for expansion. The loan for this project, planning for which started 18 years ago, will provide funding to build a harbor and to purchase transporting equipment.

### Belize Southern Highway Rehabilitation Project

Amount of Loan: US\$10,000,000

Term of Loan: Twenty years, with a four-year grace period

This project is the first project cofinanced by the ICDF and the Inter-American Development Bank. The scope of the project includes reconstruction of selected parts of the main route, building new merging routes and establishing a highway management system, at an estimated cost of US\$83 million. The intention is, by improving the highway system to the southern part of Belize, to increase crop transport, education and tourism in that region.

In September 1997, during a visit to the ROC, Belize Prime Minister Manuel Esquivel signed a loan agreement with the then Minister of Foreign Affairs, John H. Chang. In January 1998, the ICDF and the IDB signed a cofinancing agreement.

**Panama SME Revolving Fund**

Amount of Loan: US\$10,000,000

Term of Loan: Ten years, with a two-year grace period

In Panama, where there is little experience in developing SMEs and a lack of systematic credit policies, the small and medium companies have found it difficult to get loans from the banks. In a move to strengthen commercial ties between Panama and the ROC, the ICDF agreed to loan US\$10 million to the National Bank of Panama for onlending to SMEs through various government-owned and private banks within Panama.

**Swaziland International Highway Expansion Project**

Amount of Loan: US\$4,000,000

Term of Loan: Twenty years, with a five-year grace period

In Swaziland, the highway system plays a key role in the economic development of the country. In a cofinancing venture with the Africa Development Bank, the ICDF will help build two main highways connecting the Manzini commercial district to the two highways—Mbabne-Ngwenya and Luyengo-Sicunusa—that lead to the South African border. These two new routes will connect major industrial districts, tourist sites and economic zones. The total estimated cost of the project is US\$41.5 million.

**Chart 2: Statement of Approved Loans**

Country	Project Title	Total Cost (US\$000)	ICDF Loan (US\$000)	ICDF Loan (% of total)
Middle East and Europe	EBRD Investment Funds		12,500	
Philippines	Subic Bay Industrial Park — Phase II	21,000	14,000	70%
Vietnam	Taiwan Hanoi Industrial Park	14,502	8,400	58%
Burkina Faso	Rural Credit Project		2,500	
The Gambia	Women's Microlending Institution Development Project	396.8	110	28%
Countries with ATM	Small Farms Microlending Project		3,000	

**Chart 3: Statement of Newly Effective Loans**

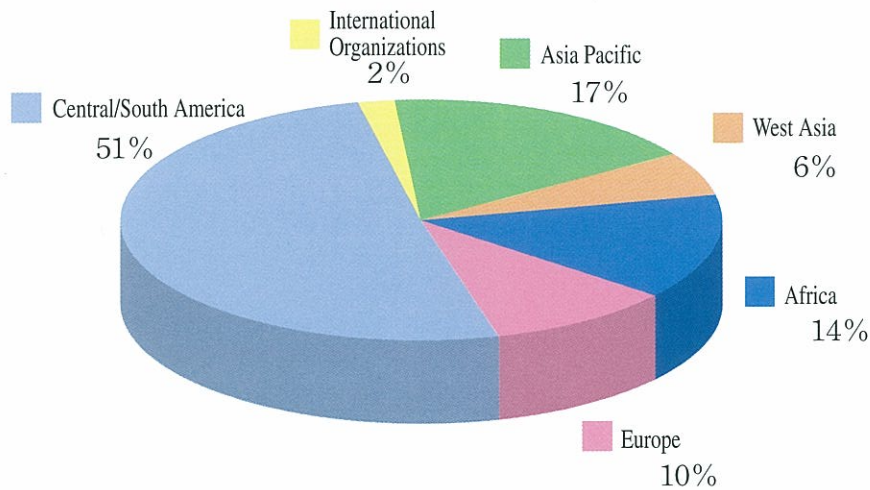
Country	Project Title	Total Cost (US\$000)	ICDF Loan (US\$000)	ICDF Loan (% of total)
Five Countries in Central America	SME Relending Program	50,000	Govt. funded	
Costa Rica	Moin Harbor Expansion Plan	15,000	15,000	
Belize	Southern Highway Rehabilitation Project	16,000	10,000	63%
Panama	SME Relending Program	10,000	Govt. funded	
Swaziland	International Highway Project	41,515	4,000	9.6%
Middle East and Europe	EBRD Investment Funds		12,500	
Philippines	Subic Bay Industrial Park — Phase II	21,000	14,000	70%
Vietnam	Taiwan Hanoi Industrial Park	14,502	8,400	58%

**Chart 4: 1998 Investment and Lending Program**

Loan Program	Amount (US\$000)	Remarks
<b>CONTRACTED PROJECTS</b>		
Belize Southern Highway	10,000	27 September 1997
Costa Rica Moin Harbor	15,000	13 December 1997
East Europe Private Investment Funds	12,500	8 May 1998 (replaced Romania Water Supply Project)
Subic Bay Industrial Park — Phase II	12,000	22 May 1998
Hanoi Industrial Park	8,400	22 May 1998
Swaziland International Highway	4,000	Approved at 5th Board of Directors Meeting
<b>YET-TO-BE CONTRACTED PROJECTS</b>		
Burkina Faso Microlending Program	2,500	Approved at 7th Board of Directors Meeting
Poland SME Relending Program	20,000	Approved by the former IECDF
Haiti Microlending Institution Development Plan	20,000	Approved at 7th Board of Directors Meeting
<b>MODIFIED OR POSTPONED PROJECTS</b>		
Panama Water Supply Project	10,000	Replaced by Haiti Water Supply Project
The Gambia Microlending Program for Small Farmers	500	Replaced by Technical Assistance Project
Haiti Women's Microlending Institution	200	Funding has been transferred
Malawi Microlending Program	200	Postponed to next year
Guatemala Housing Project	20,000	Funded by MOFA
<b>CANCELED PROJECTS</b>		
Senegal Microlending Program for Small Farmers	1,000	Funded by MOFA
Swaziland Microlending Program	200	
<b>ADDED PROJECTS</b>		
Eastern Caribbean Medical Facility	400	Donated
Honduras urban Planning Project	600	Plan completed
Haiti Water Supply and Sanitation System Remodeling Project	10,000	Replaced Panama Water Supply Project
<b>PROJECTS UNDER PREPARATION</b>		
Research on Taiwan Interest in Investing in El Salvador	150	Research completed
Research on the Feasibility of Constructing a Reservoir in Swaziland	500	Phase II to be implemented
<b>PROJECT COMMISSIONED BY MOFA</b>		
SME Relending Program for Eight Countries in Central America		Five countries in Central America and Panama have signed the agreement; evaluations of Dominican Republic and Belize completed
<b>PROJECTS WITH PROBLEMS</b>		
Chem Tec Export Processing Zone in Dominican Republic	1,222	
Menen Hotel in Republic of Nauru	850	
Paraguay Eastern Industrial Park	970	

## Education and Training

The main function of the Education and Training Department is to help developing nations train economic and technical personnel. The department is responsible for sponsoring economic development related seminars, establishing scholarships for students of developing countries and hosting training programs for young entrepreneurs. This year, participants in the ICDF training programs came from Central and South America, Asia, Africa, Europe, West Asia and various government organizations.



Graph 11. Origin of Participants in the 1998 Training Programs

### Seminars

*General Seminars:* Nine different seminars, attended by 246 participants from 80 countries, were held this year.

*Seminars for Vocational Teachers:* Forty-nine teachers participated in these seminars, co-sponsored with Japan. Courses offered included computer maintenance (in Spanish) and electronics.

*Special Topic Seminars:* Four seminars on special topics relating to Central America and the Caribbean were held this year for 115 participants. In addition, a seminar on “SME Revolving Fund in Taiwan, ROC” was held.

*Seminars Commissioned by MOFA:* Five different seminars on agriculture were held for a total of 80 agricultural technicians from friendly nations.

### Young Entrepreneurs Training Program

This program commenced in May 1995, with 452 participants from Indonesia receiving training. In April of the following year an additional 150 participants from the Philippines were added to the program. When the project closed in April 1998, 274 Indonesian and 80 Filipino participants had completed the program.

Since the operation of the program involves many other government organizations, the ICDF has decided to transfer the program to the Ministry of Economic Affairs and to restrict its own assistance to funding and administrative functions.

### Scholarships

A scholarship fund was set up this year for students from the Caribbean region. Each of the qualified student will receive a scholarship ranging from US\$300 to US\$1,000. If the program proves to be satisfactory, it may be expanded to countries within Western Africa.



**Chart 5: Summary of 1998 Seminars**

	Seminar Title	No.	Organized by	Dates
<b>GENERAL SEMINARS</b>				
1	International Youth Leadership Camp	37	China Youth Corps	9/1-14/97
2	International Trade Promotion Program I	25	China External Trade Development Council (CATDC)	11/25-12/12/97
3	ROC Experience of Economic Development	23	World Economics Society	2/17-3/9/98
4	Center-Satellite Factory System	21	Cooperate Synergy Development Center	3/2-22/98
5	Managing Industrial Parks and EPZ	29	Sinotech Engineering Consultants	3/8-21/98
6	Tax Policy and Economic Development	27	Public Finance Training Institute, MOF	4/9-29/98
7	Agricultural Credit System and Rural Development in Taiwan	30	Sinotech Engineering Consultants	4/12-25/98
8	International Trade Promotion II	26	CATDC	5/5-22/98
9	SME Assistance Policy in Taiwan, ROC	28	Small Business Integrated Assistance Center (SBIAC)	5/5-23/98
<b>Total Participants in General Seminars</b>		<b>246</b>		
<b>SPECIAL TOPIC SEMINARS</b>				
10	SME Revolving Fund in Taiwan, ROC	21	SBIAC	11/6-20/97
11	Environmental Protection Training for Seven Central American Countries	18	Environmental Protection Administration	4/27-5/8/98
12	Observation Seminar on Economic Development and Infrastructure Construction in Taiwan, ROC	13	Sinotech Engineering Consultants	6/2-12/98
13	Production and Marketing of Agricultural Produce in Eastern Caribbean	22	Taichung District Agricultural Improvement Station	6/8-25/98
14	Development and Management of Vocational Education and Technical Training Programs in Central America	23	National Taiwan Technology University	5/6-22/98
15	Delegation of Senior Journalists	18	Government Inform'n. Office	5/24-6/3/98
16	Vocational Training Courses (computer and electronics)	49	Employment and Vocational Training Administration	2/21-4/21/98
<b>Total Participants in Special Seminars</b>		<b>164</b>		
<b>MOFA COMMISSIONED SEMINARS</b>				
17	Production and Marketing for Agricultural Produce	19	Taichung District Agricultural Improvement Station	9/3-23/97
18	Vegetable and Seed Production	21	ROC's Asia Vegetable Center	11/10-28/97
19	Agricultural Processing	10	Food Industry Research and Development Institute	10/19-12/6/97
20	Plant Tissue Culture and Seedling Propagation	14	Taiwan Agricultural Research Institute	3/4-24/98
21	Seminar on Aquaculture	24	Taiwan Fisheries Research Institute	4/22-5/12/98
<b>Total Participants in Agriculture/Aquaculture Seminars</b>		<b>88</b>		
<b>Total Participants in All Seminars</b>		<b>498</b>		