

Organizational Management

“What’s in a name?” asked Shakespeare’s Juliet, hoping to evade the importance she knew they bore, for names are always embedded with deep meaning. The letters “ICDF” can in fact stand for much more than just the organization’s name—they can also represent its attitude, expectations and outlook. “I” can stand for communication and participation with an *International* view; “C” for interdisciplinary and highly professional *Cooperation*; “D” for the promotion of sustainable *Development* with altruistic aims; and “F” for an efficient and effective government *Fund* used in a transparent and professional manner. Further, the letters “ICDF” can express the organization’s vision and character: *Integrity*—to be an honorable organization that requires of itself wholly ethical conduct; *Communication*—to be a professional organization with strong communication management skills; *Discipline*—to be a disciplined team with effective internal dialogue; *First-rate*—to be a first-rate organization that expertly comports itself in the international cooperation and development field. These varied interpretations of the four letters of “ICDF” illustrate the organization’s eagerness to break with convention and realize a clear vision of the future, and its dedication to becoming a top-drawer professional management organization. A key approach to achieving this goal in 2001 was the steady improvement of ICDF management skills and means, to make the organization more systematic, efficacious and resourceful.

Management of course occurs on many levels. ICDF human resources managers provide employees with ample professional development opportunities and assign challenging responsibilities, which not only develop ICDF personnel skills, but also improve project effectiveness and sustainability. To control information more effectively and efficiently, new management systems are being implemented, including a database system that provides complete access to ICDF knowledge resources, the computerization of public documents, and disbursement and international business opportunity information systems. Additionally, to communicate widely, strengthen overall competitive advantage, create cooperation opportunities and attract outstanding personnel, up-to-date information is continually posted on the ICDF website, and Chinese, English and Spanish annual reports, timely special reports and updates, and Chinese and English versions of *International Cooperation and Development*, the ICDF quarterly report, are published. 2001 also saw the launch of a full-color, electronic, biweekly Chinese “e-newsletter.”

To assure financial flexibility and security, the ICDF has instituted a financial management committee, and employs a foreign currency exchange rate hedging mechanism. Accounting management systems were improved during the year, with the addition of a budget implementation warning system and a strengthened accounting transaction system. ICDF audit management continued its role of evaluating systems and procedures, reinforcing planning and programs.

Following are descriptions of the functioning and improvements in ICDF management of human resources, information systems, finance, accounting and auditing during 2001.

ICDF Outstanding Personnel, 2001

Outstanding Personnel	Kao Hsiao-ling, Hsu Hui-wen	Best Mission Members	Hou Liang-san (Liberia); Tseng Ying-hsiung (Indonesia); Liu Fung-yen (Panama)
Distinguished Personnel	Wang Hhung-tzu		
Best Technical Mission	Technical Mission in Malawi	Distinguished Mission	Tseng Chin-tien (Malawi); Chiang Yi-chan (Bahrain); Wei Cheng-hsiung (Honduras)
Best Mission Leader	Huang Tien-shin, Honduras		
Distinguished Mission Leader	Wang Tzeng-huey, Costa Rica		
Best Volunteer	Huang Hsin-wei, Nicaragua		
Distinguished Volunteer	Lee An-lin, Myanmar		

Human Resources Management

The scope of modern interaction among and between international development organizations, institutions, governments, businesses and ordinary people is a study in contrasts. On the one hand, the range is dizzyingly broad, and communication in different languages with a teacher in Costa Rica, an entrepreneur in Paraguay, a farmer in The Gambia, or a government official in the Solomon Islands are entirely within the realm of possibility during a day's affairs. On the other hand, modern communications and information technology, and the requirement for cooperation across national and regional boundaries, have knit people tightly together into the fabled global village. Such compass requires technical and professional skills, knowledge and understanding that were all but unheard of only a few years ago. Accordingly, the ICDF firmly believes that razor-sharp human resources are the essential elements of success in this world, and is steadily upgrading its personnel qualifications, strengthening in-service training, and training professional reserve personnel to create a more efficient, effective and entirely qualified institution in the early years of the 21st century. Following is a summary of ICDF human resources management undertakings and achievements in 2001.

Diplomatic Alternative Service

The Executive Yuan approved the Diplomatic Alternative Service on October 23, 2000 and gave the go-ahead to implementation beginning in 2001. The goals of the Diplomatic Alternative Service are to expand the global perspectives of Taiwanese recruits, promote civilian-based diplomacy and train future ROC diplomatic and technical and medical mission personnel.

The first 37 Diplomatic Alternative Service recruits were selected from more than 200 applicants in early 2001. Recruits were selected based on their skills in agriculture and fisheries, hydraulic engineering, medicine, trade, vocational training and computer science. After six weeks of basic training, the ICDF conducted 12 weeks of professional skills and foreign language courses. Following this, the recruits were dispatched to 26 technical and medical missions in 21 nations in Africa, Central and

South America, and the Caribbean and Asia-Pacific regions.

Reserve Personnel Training

The ICDF has conducted ten public recruiting drives and enrolled 35 reserve technical personnel since its inception. Twenty-nine of these personnel have been dispatched to overseas technical missions. Most recently, five new reserve technical personnel were selected and received professional training in early December 2001.

Technical Mission Personnel

This year the ICDF drafted three new regulations to bolster technical mission personnel qualifications, and to clarify personnel requirements and employment procedures: *Hiring Qualifications*, *Promotion Guidelines*, and *Starting Salary Standards Table*. These regulations were enacted by MOFA on July 4, 2001.

To maintain the incentives needed to recruit superior overseas personnel, and to improve compensation and benefits, the ICDF performed a survey of conditions in overseas technical and medical service missions this year. Conditions are frequently arduous in these missions, and the ICDF accordingly drafted a hardship allowance program, which was implemented with MOFA approval.

In-service Training and Seminars

In-service training sharpens personnel skills and makes for a more satisfying and rewarding employment experience. This year the ICDF arranged seven-day professional training courses for overseas technical mission personnel returning to Taiwan for conferences and vacations a total of 73 person-months. Personnel in Taiwan also participated in 44 person-months of short-term training at the Professional Training Institute, ROC Ministry of Economic Affairs, the Financial Training Center, and other domestic training organizations.

In 2001 a total of 13 overseas and ICDF personnel enrolled in the graduate agricultural science program at National Pingtung University of Science and Technology.

In foreign language training, in addition to offering beginning and intermediate Spanish and English classes, the ICDF sent personnel to attend English classes at domestic language training centers 10 person-months, selected six personnel (including reserve personnel) to receive intensive Spanish instruction in Guatemala,

and selected four personnel to receive intensive French instruction in Senegal.

Employee Rotation System

The ICDF rotates responsibilities and assignments, to maintain personnel interest and provide breadth of training and experience. One domestic and one foreign employee were rotated and 31 overseas personnel were rotated in 2001. Of the latter, 14 employees were transferred to locations where an entirely different language was spoken.

Upgrading Personnel Qualifications

To strengthen ICDF personnel qualifications in 2001, one senior executive attended a management seminar at the Northwestern University Kellogg School of Management; one executive attended a Financial Investment Technology seminar at the University of California, Berkeley; and one specialist participated in a seminar on privatization, regulatory reform and corporate governance at Princeton University. Additionally, two ICDF employees attended a business management and human resources seminar conducted by the National Singapore University College of Business, and one specialist took part in six months of in-service training at the Asian Development Bank.

To replace overseas personnel who resigned or retired, the ICDF recruited five new technical personnel possessing at least M.S. degrees.

Information Management

The ICDF has made “knowledge management” the guiding principle of its information management and distribution systems. Preliminary information platform planning has been completed, along with Internet, e-mail and company intranet services. To improve organizational efficiency, simplify operations, contribute to the ROC’s e-government” initiative and create a foundation for the continued development of knowledge management, the ICDF has embarked on unified computerization of its organizational tasks. Following is a summary of major information management developments in 2001.

Computerized Information Platform

The ICDF has upgraded its Computerized Information Platform, which now includes the following features:

- An Internet server and regular updates of Web-based information, providing domestic and foreign users with real-time information and query services.
- An e-mail server enabling contact between personnel in Taiwan and abroad.
- An anti-virus system preventing computer viruses from attacking the internal computer system.
- A firewall providing a first line of defense against malicious hackers.

Computerized Systems and Services

Several new and existing ICDF computerized systems and services were launched or upgraded in 2001:

- Computerized Document Management System: In conjunction with the government’s “e-government” initiative, this system enables easier access to ICDF data and documents for government officials, auditing personnel, ICDF employees, and interested citizens.
- Accounting and Disbursement Management System: The ICDF has completed planning of this system, which will enhance the efficiency of service units and provide the ICDF accounting office with essential information.
- International Human Resources Training Management System: This system is being used to manage data emanating from ICDF classes and seminars, and to provide member services to the ICDF Alumni Society, fostering contact and communication among foreign graduates of ICDF training programs in Taiwan.

- Financial Asset Management System: This information system manages ICDF financial assets and provides ICDF personnel and management with integrated audit, query and report functions. The system has strengthened internal controls, and organized financial data according to service type, financial organization, date and amount. The system has integrated financial outflow and inflow data into funds forecasting, improving operational efficiency and facilitating financial operations.
- International Development Organization Procurement Opportunity Information System: This system will integrate information about ICDF cooperative investment, financing and development projects, to provide helpful information to domestic vendors and contractors interested in bidding on international development projects.

The goal of knowledge management is to enhance organizational intelligence and business opportunities by improving productivity, adaptability, competence and innovation. The level of organizational intelligence depends on how effectively an organization shares information and to what extent personnel incorporate shared knowledge and ideas. Knowledge is becoming the engine of increased productivity and economic growth, and as information applications and communications technology continue to evolve, the ICDF will make the transition from information management to knowledge management, to become an intelligent, knowledge-based organization.

Financial Management

The International Cooperation and Development Fund is a non-profit, revolving fund that contained NT\$12.6 billion at the end of December 2001. The fund is used to make long-term loans and investments, with earned interest used to pay annual operations expenses. The most important fund management objective is to provide long-term, stable income, in order to insulate ICDF project implementation from financial fluctuations. The ICDF therefore upholds the following fund management principles:

- A bad debt reserve mechanism has been established and a bad debt reserve fund built up over several years. Reserves are sufficient to make up for any failure on the part of borrowers to make payments, thereby preventing the fund's erosion. The reserve fund contained NT\$747 million (approximately US\$22 million, which is approximately 10 percent of total loan balances) as of the end of 2001.
- Flexible financial arrangements and various investment tools are used to disperse risk. The use of tools reflecting the varying lengths of time that investment monies will be needed can disperse investment risk and enhance investment returns. With this strategy, the ICDF was able to achieve its budget objectives, even during the unfavorable interest-rate climate this year. Additionally, to ensure orderly, transparent investment decision-making, the ICDF has established a financial management committee to review important investment decisions. In the case of relatively high-risk

investments (such as stocks), the ICDF reduces investment risk and increases returns by hiring professional investment organizations to perform management tasks.

- Foreign currency hedging mechanisms have been established. The ICDF purchases and deposits US dollars when the exchange rate is low and stable, in order to meet its dollar needs when the exchange rate rises. This strategy has lowered the average cost of dollars and prevented exchange rate fluctuations from affecting the cost of lending, reducing negative impact on the ICDF's ability to make new loans and fund new projects.

Fund Usage

The ICDF had committed US\$438 million in investments or financing as of December 31, 2001. Of this amount, US\$318 million (73 percent) had been appropriated. Recovered loans, unappropriated funds and uncommitted funds are kept as bank deposits or invested in short-term notes and bonds. To improve fund revenue, the ICDF Board has authorized that up to NT\$500 million may be invested in stocks or mutual funds on a trial basis.

Income and Expenses

Income

The ICDF's two types of income are distinguished as *interest income from long-term lending* and *financial operating income*. Interest income from long-term

lending totaled NT\$264 million during 2001, while financial operating income totaled NT\$432 million. Other income and profit during the year totaled NT\$235 million. Total income was NT\$931.89 million, all of which was used to pay for ICDF operational and general affairs expenses.

Expenses

Expenses during 2001 totaled NT\$592 million, with a surplus (expenses subtracted from income) of NT\$339 million. During

2001, ICDF investment and financing expenses totaled NT\$211 million; technical assistance service expenses were NT\$79 million; education and training expenses were NT\$91 million; operational planning expenses were NT\$17 million; general affairs expenses were NT\$77 million; and other expenses and losses totaled NT\$115 million (all figures rounded). See "ICDF 2001 Income and Expenses" for an overview of ICDF finances during 2001.

ICDF 2001 Income and Expenses (NT\$)

Income	Amount
Interest income from long-term lending	263,991,861
Financial investment income	431,499,469
Other income	236,398,175
Total income	931,889,505
Expenses	Amount
Investment and financing	211,839,018
Technical assistance	79,233,151
Education and training	90,971,126
Operational planning	17,189,734
General and administrative	77,647,164
Other expenses and losses	115,558,403
Total expenses	592,438,596
Surplus	339,450,909

Accounting Management

Income Analysis

Government appropriations are the Fund's primary source. Most annual budget income derives from the Fund's operating income and MOFA payments for commissioned overseas technical mission operations. The Fund totaled approximately NT\$12.6 billion in 2001, possessed total assets valued at approximately NT\$15.9 billion, and had a net worth, after subtracting liabilities, of NT\$14.7 billion. Total ICDF income in 2001 was NT\$931.89 million, of which interest income was the largest constituent (33 percent), followed by investment and financial service income (28 percent), exchange gains (24 percent), and other income (15 percent). MOFA funding for commissioned overseas technical mission operations is not included in this figure. Total income increased NT\$868.94 million (seven percent) over 2000, and exchange gains increased sharply by 1.3 times. This was primarily because the recovery of loan principal had risen from US\$16 million in 2000 to US\$29 million this year, while the NT\$:US\$ exchange rate rose from 32-33:1 to 34-35:1. This caused a considerable rise in the NT\$ value of US\$ assets. Since the ICDF does not convert its foreign currency assets to NT dollars, exchange earnings remain unrealized paper gains. Interest income fell 22 percent from 2000 due to the sustained drop in domestic interest rates and securities markets in 2001.

Expenditure Analysis

The ICDF spent approximately NT\$1.18 billion on technical mission operations in 2001, or 16 percent more than 2000. Thirty-six percent was used for investment and lending operations planning, management and bad debt reserves; 15 percent was used for international human resources training; 13 percent was used to provide technical services and equipment to the governments of friendly developing nations; 16 percent was used for planning and personnel affairs; and the remaining 20 percent was used for non-operating expenses. Compared with the same period of the previous year, international human resources training expenses grew 47 percent and technical assistance expenses shrank 18 percent. Planning operations and general affairs expenses totaled NT\$592.44 million, or 12 percent more than the previous year. This increase was primarily due to significant expansion in human resources training for officials from developing nations. Personnel affairs spending grew by only one percent, reflecting compliance with the government's policy of checking personnel management spending. (Changes in expenses of the Investment and Lending Operations and Policy Planning and Programming departments resulted from some of the latter's services being transferred to the former during reorganization.) After subtracting expenses from income, the ICDF was left with a balance of approximately NT\$339.45 million in 2001, roughly equivalent to the previous year.

Because of increasingly tight fiscal constraints, the ICDF's budget may shrink in coming years. To make the most effective use of its funds, the ICDF will place greater importance on cost management, which in turn will depend on accurate and timely accounting information. During 2001 the ICDF emphasized accounting as a means of helping its managers fulfill their existing assignments under tighter funding conditions. In addition to providing monthly budget reports, the ICDF accounting office draws up budget implementation progress charts, analyzes gaps between expected and actual operational progress, and uncovers irregularities, enabling managers to optimally control project implementation. Beginning in 2002, ICDF departments will draw up monthly budget implementation schedules at the beginning of each year, providing a basis for

analysis. Future accounting efforts will focus on realizing budget targets, establishing budget discrepancy analysis standards, and providing correct and timely accounting information to managers for use in exception management.

To ensure that accounting information is in accord with operational implementation, so that real-time online accounting information is available for internal management, the ICDF expects to complete deployment of an upgraded accounting system by April 2002. The new system will strengthen management accounting functions while reducing the need for accounting human resources. Departmental responsibility for operations implementation will be increased with the accounting changes, indirectly allowing more organizational flattening, and facilitating better internal management performance.

Figure 6. ICDF 2001 Income

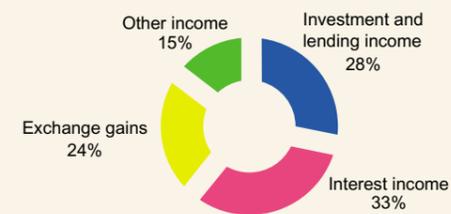


Figure 7. Income Type: 2000/2001

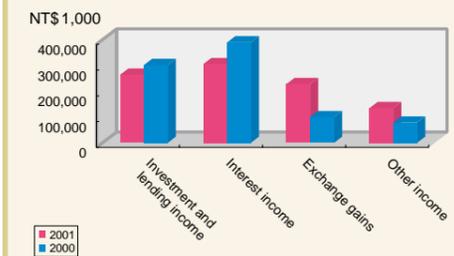


Figure 8. ICDF 2001 Expenses

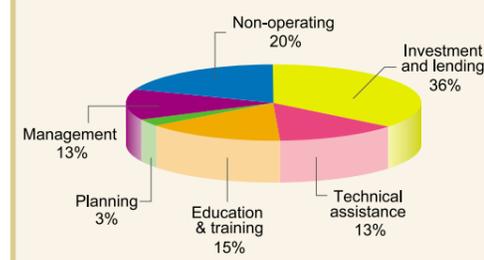
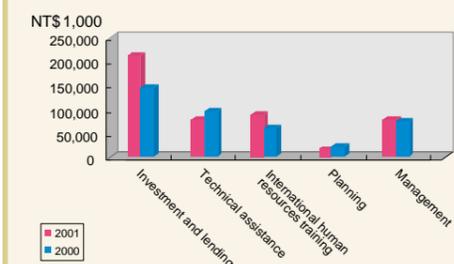


Figure 9. Expense Type: 2000/2001



Audit Management

The establishment of the ICDF Auditing Office was approved on October 20, 1998, and passed at the 10th Directors and Supervisors meeting on January 8, 1999. In accordance with the recommendations of the ROC Ministry of Audit and the ICDF's *Internal Audit Regulations*, the ICDF Auditing Office performs internal audits in matters of accounting, disbursements, financial affairs, procurement and personnel affairs. Audits objectively evaluate systems appropriateness and efficacy, as well as project procedures, progress, outcomes and evaluations. These audits provide a key reference for subsequent planning and project implementation, while giving ICDF personnel in-depth case studies of different projects and services.

To understand their status and provide a basis for subsequent planning, the ICDF Auditing Office began by performing internal audits of a number of ongoing projects handed over from the former International Economic Cooperation Development Fund, and the Committee of International Technical Cooperation. To continually effect improvement, the ICDF has carried out internal service audits and performance assessments of many subsequent projects. The ICDF had completed a total of 25 audit reports by December 2001, including 12 investment/financing audits, nine technical cooperation audits, one technical assistance audit, one education and training audit, and two special audits. The ICDF Auditing Office completed 11 audit reports this year of the projects and areas listed below:

- Internal audits of administrative procedures.
- Hurricane Mitch post-disaster reconstruction lending programs in Nicaragua, Guatemala, Honduras and El Salvador.
- Financing and infrastructure projects conducted in conjunction with CABI and Central American nations.
- Medical technology cooperation project with Malawi.
- Domestic procurement project for supplies for the medical service mission in São Tomé and Príncipe.
- Technical Assistance Project in Seven Central American Nations.
- Advanced education project for ICDF overseas agricultural personnel.
- ICDF Volunteers project implementation status.

Audit Management Cases, 2001

Investment and financing

Case Name	
	<ul style="list-style-type: none"> • Hurricane Mitch Post-Disaster Reconstruction Loan Programs in Nicaragua, Guatemala, Honduras and El Salvador • Cooperative Financing Loan Program and Infrastructure Assistance Project with CABI • US\$50 Million Financing Loan Program in Five Central American Nations (El Salvador, Costa Rica, Guatemala, Honduras and Nicaragua)

Technical cooperation

Case Name	
	<ul style="list-style-type: none"> • On-site Inspection Tour of the ROC-Malawi Medical Cooperation Project in Muzuzu, Malawi • Domestic Procurement Procedures for Supplies needed by the Medical Mission to São Tomé and Príncipe in 1999 and 2000

Technical assistance

Case Name	
	<ul style="list-style-type: none"> • Technical Assistance Project in Seven Central American Nations (El Salvador, Costa Rica, Guatemala, Honduras, Nicaragua, Belize and Panama)

Education and training

Case Name	
	<ul style="list-style-type: none"> • Overseas Agricultural Personnel Enrolled in the M.S. Program at the Institute of Tropical Agriculture at National Pingtung University of Science and Technology

Special cases

Case Name	
	<ul style="list-style-type: none"> • ICDF Volunteers Project Implementation Status

Administrative procedures

Item	Case name
Personnel procedures	Selection and training of reserve overseas ICDF personnel
Financial procedures	Operating procedures for the deposit of idle ICDF funds in short-term (NT dollar) notes
Disbursement procedures	Re-investment of ICDF long-term (NT dollar) securities due to mature before October 2001
CPA examination procedures	CPAs are requested to provide the ICDF internal accounting control recommendations