

Investment and Lending Operations

Three-year Rolling Core Programs: 1998–2000

The ICDF's investment and lending activities seek to create wealth, eliminate poverty and encourage social progress worldwide by stimulating economic activities. The ICDF designs and executes its investment and lending services within a three-year rolling program. Between 1998 and 2000, the ICDF continued managing 14 existing plans, which fell into three broad development categories: SME development, microcredit programs, and educational improvement.

During this period, 28 new cases were signed, including 4 SME loan projects, 7 loan programs for small farmers, 4 microcredit and technical assistance projects, and 5 emergency relief and water resources development projects. Investment projects included an investment fund developed with the European Bank for Reconstruction and Development (EBRD), an SME equity investment fund in Macedonia, and various agricultural industry investment programs.

Core Programs: 2000

Working with many different international finance institutions, local and national government agencies, and nongovernmental organizations, the ICDF signed 13 loan contracts in 11 countries, totaling US\$38.17 million. Reflecting the continuing importance of this economic development area, ICDF Investment and Lending Operations devoted 30 percent of its budget to SME projects. The remaining budget was used for various economic and social development projects.

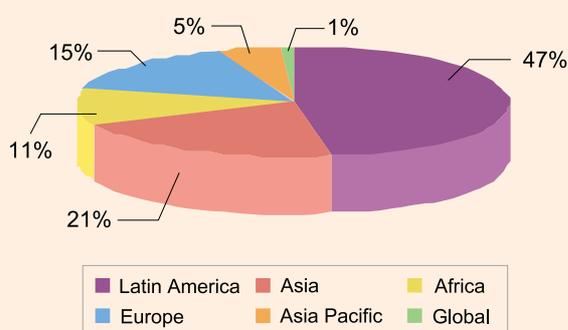
Signed projects during fiscal year 2000 included the Skopje Free Economic Zone in Macedonia—the single largest ICDF Investment and Lending project in 2000 (US\$11.5 million). Development loans to Haiti constituted the second largest ICDF lending project last year. Other signed projects included a water supply project in Haiti, which involved cooperation with the European Investment Bank (EIB).

Supervision and evaluation are critical elements of all investment and lending operations—from initial discovery through planning, execution and evaluation.

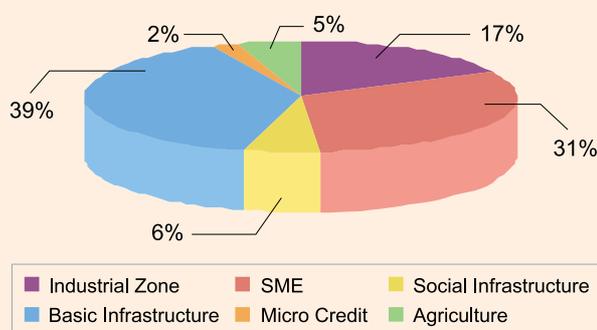
Two prominent investment projects in Macedonia—totaling US\$750,000—were the Bonum Momcilo Ltd. mushroom compost project and the A-Win Co. Chicken Raising project. Elsewhere, the ICDF cooperated with an international finance company to develop the Micro-Credit National Program in Haiti, and participated in Latin American SME development through a Latin American company.

The ICDF board of directors and supervisors is also reviewing five other pending development projects, totaling US\$28.1 million. Four of these involve cooperation with international organizations.

Signed Loan and Investment Projects by Region



Signed Loan and Investment Projects by Type



Cooperative Programs with International Organizations and NGOs

The ICDF has a productive relationship with the Inter-American Development Bank, with which it is working on the Southern Highway Rehabilitation Project in Belize, an environmental project in El Salvador, tourism in Belize, and the Dominican Republic National Congress capacity building project.

Work with the EBRD is focusing on private sector development projects, and this is strengthening ties with European nations.

The ICDF also has ongoing work and discussions with the Asian Development Bank and the Central American Bank for Economic Integration.

In addition to these established international organizations, the ICDF's Investment and Lending Operations strove in 2000 to forge new relationships with nongovernmental organizations. Because of their small scale and grassroots bases, which help them to understand local needs, the NGOs can be ideal development partners.

From Rural Development to Vocational Education

In the past, the ICDF has focused on rural development and private sector development as the basis of national economic development. ICDF investment and lending projects, including microcredit programs, local financial development, and programs to upgrade agricultural machinery and techniques, have enabled rural households and communities worldwide to improve standards of living and incomes.

Increasingly, greater emphasis is being placed on programs to upgrade the quality of technical and vocational training and education in different parts of the world. Not only is the ICDF supporting economic and industrial development and enhancing the abilities of developing nations to compete in world markets, but it is also helping them to elevate their human resources standards. Technical and vocational training were at the base of Taiwan's economic development, and the ROC is happy to share this experience with partner nations worldwide.

Overview of Approved Loan Projects in 2000

SME Relending Project in Senegal

This project, launched in 1999, is providing a line of credit to be used to loosen constraints faced by Senegalese SMEs due to lack of adequate financial resources.

The ICDF is providing a term loan to the Republic of Senegal via the country's Ministry of Finance, Economics and Planning, which will provide these resources to the Fonds de Promotion Economique (FPE), the project's executing agency. FPE will relend the proceeds of the loan to participating financial institutions, which will ultimately loan funds to SMEs. The ICDF has provided a credit line of US\$4 million for this project, which is to run for 20 years.

Housing Solidarity Reconstruction Program in El Salvador

This project, in effect since August 1999, has helped people in El Salvador rebuild homes destroyed by Hurricane Mitch. A total of 1,406 houses will be built in five of the provinces that suffered most from the hurricane.

Small Farmholders Financing Scheme

This project, also launched in 1999, is intended to supplement the ROC's agricultural technical assistance programs and help sustain productivity increases and economic development in the countries aided. ROC technical missions are cooperating with East Caribbean ministries of agriculture in selecting farmers to participate in ICDF agriculture, floriculture, aquaculture and animal husbandry extension programs. The ICDF is providing US\$620,000 to finance loans for the purchase of agricultural machinery and other materials.

The scheme, slated to run until late 2005, currently has eight projects in seven countries.

Small Farmholders Financing Scheme			
Country	Program	Schedule	Credit Line
Grenada	Floriculture and vegetable farming	May 1999 to May 2004	US\$100,000
Saint Christopher & Nevis	Fruit and vegetable farming	September 1999 to May 2004	US\$100,000
Belize	Vegetable, rice & food processing	May 2000 to May 2005	US\$150,000
Dominica	Fruit farming	June 2000 to June 2005	US\$100,000
Honduras	Rice extension	July 2000 to July 2005	US\$20,000
Honduras	Tilapia cage aquaculture	October 2000 to October 2005	US\$150,000
Panama	Fishing village	December 2000 to December 2005	US\$50,000
Costa Rica	Turrialba guava pulp processing project	December 2000 to December 2007	US\$100,000

Investment and Lending Project to Micro-Credit National S.A., Haiti

This project will create Micro-Credit National, S.A., the first financial institution in Haiti dedicated to lending to microenterprises. The new institution will offer loans ranging from US\$150 to US\$7,500. Five bureaux, in addition to the headquarters in Port-au-Prince, will be established.

The total project costs include US\$2 million in equity investment, US\$1.49 million in technical assistance, and operating costs of US\$10 million for the first five years. The ICDF is making a US\$100,000 equity investment and a US\$1.9 million loan available to this project. The loan, signed in July 2000 by Unibank S.A., runs for 25 years.

Drinking Water Distribution Project in Petion-Ville, Haiti

This project will improve the water supply in Port-au-Prince, Haiti, by constructing new wells, a pumping station, a distribution and main pipeline network, and reservoirs. The project will be carried out by Haiti's Centrale Métropolitaine d'Eau Potable (CAMEP).

The total cost of the project will be approximately US\$25,774,640. The European Investment Bank will finance up to €18 million of the costs of the project, while the ICDF will finance the remainder of the project with a 25-year loan of up to US\$6 million (signed in March 2000).

The Skopje Free Economic Zone in Macedonia

This project is actively developing an export processing zone in Macedonia, to be known as the Skopje Free Economic Zone (FEZ). Planning of the development, management, operation and maintenance of the FEZ is under way.

A joint venture company was established by the China Development Industrial Bank (CDIB) and ICDF, with total equity capital of US\$1 million. CDIB took a 55 percent share of this, and the ICDF took 45 percent. The project is being financed by the ICDF through a nonrecourse loan of US\$11.5 million for a term of 25 years.

Investment Overview

ICDF investment projects spur economic growth and create wealth by organizing investment in partner countries to develop infrastructure, improve social and educational conditions, nurture SMEs, and develop agriculture and aquaculture.

In addition to overseeing its own operations, the ICDF participates in financing projects funded by the government of the Republic of China. These programs include specific projects financed by the government, feasibility studies, and special programs (such as the Credit Guarantee Project) which encourage Taiwanese investors to invest in countries that have formal diplomatic relations with Taiwan.

ICDF Equity Investment Fund for Small and Medium Enterprises in Macedonia

The ICDF technical mission in Macedonia is identifying potentially profitable SMEs in Macedonia for Taiwanese investment. A fund of US\$2 million is earmarked for equity investment in joint venture projects in Macedonia. Project identification, preparation and appraisal will be carried out by the technical mission and proposed to the ICDF Investment Committee. After that committee has approved the projects, the technical mission and Macedonian investors can negotiate joint venture agreements.

The US\$2 million equity investment fund currently includes two investment schemes: the Mushroom Compost Investment Project with Bonum, and the A-Win Co. Ltd. Chicken Raising Project. The project term for these ventures is March 2000 to March 2002.

A description of both projects will be found under “Special Reports.”

Equity Investment Fund for SMEs in Macedonia				
Project	JV Company	Mode	Investment	ICDF Loan
Mushroom Compost Investment Project	Bonum Momcilo Ltd., Skopje, Macedonia	New company	Total equity US\$1,075,000 Bonum 71.6%; ICDF 28.4%	US\$200,000
Chicken Raising Project	A-Win Co. Ltd., ROC	New company	Total equity US\$470,000 A-Win 70% (US\$329,000); ICDF 30% (US\$141,000)	US\$121,000