

A YEAR OF PROGRESS

Among the successes which have characterized the work of the ICDF in fiscal year 1999, the following stand out:

- Implementation of emergency recovery loan programs for Central America following the havoc created by Hurricane Mitch
- Initiation of assistance programs for Macedonia
- Acceleration of assistance programs for small and medium enterprises in different parts of the world
- Implementation of new microlending and revolving credit programs in Central America, Africa and elsewhere
- Managing the ROC–Central America Economic Cooperation and Development Fund
- Financing capacity building activities in developing countries
- Improving health care through provision of medical services in certain African countries
- Providing scholarships to foreign students, from the elementary to the postgraduate levels, and expanding the provision of training programs

ABSTRACT OF OPERATIONS

The ICDF relies on two sources of funding: its own capital resources, which underwrite the investment, lending, technical cooperation, educational and training programs which it offers; and resources allocated by the Ministry of Foreign Affairs (MOFA), on whose behalf it manages overseas technical missions. In addition, it is entrusted with the administration of the ROC–Central America Economic Cooperation and Development Fund.

Approximately US\$4.52 million was allocated by the ICDF this year for the implementation of technical cooperation and advisory projects. Operations included technical assistance, investment and loans, technical missions and education and training. Among these were 16 technical assistance projects, including SME advisory group and consulting projects (6 cases); grants of agricultural implements in conjunction with the work of technical missions (3 cases); projects to enhance the institutional capability of government (5 cases); and special research projects (2 cases).

The board of directors approved eight investment and lending programs totaling US\$44 million. Four loan programs, entailing a commitment of US\$30.5 million, were signed.

The ICDF ended the fiscal year with cumulative loan commitments of more than US\$399.8 million, of which US\$244.82 million or 61 percent of the contract amount had been disbursed. Repayments of US\$36.66 million in principal were received during the year.

Table 1: Status of Loans		
(US\$000)		
	Cumulative (to 30 June/99)	Ongoing (1 July/98 to 30 June/99)
Net loan commitment	399,812	52,600
Amount disbursed	244,820	23,934
Amount repaid	36,656	12,694

TECHNICAL MISSIONS COMMISSIONED BY MOFA

With respect to the technical missions commissioned by MOFA, a total of 310 technical personnel carried out 103 aid projects in 33 countries. Technical missions were sent for the first time to São Tomé and Príncipe, the Marshall Islands and Macedonia. In Macedonia, the technical mission consists mainly of experts in investment, small and medium enterprises, and trade promotion, along with some specialists in agriculture and animal husbandry. This is the first time that an ROC technical mission has focused primarily on trade and investment rather than agricultural expertise.

SEMINARS AND WORKSHOPS

The ICDF organized or sponsored a total of 19 seminars, which were attended by about 400 participants.

An example of these is the *Asian Financial Crises* seminar held in Taipei in March 1999, in which many international specialists participated and shared their experience.

SCHOLARSHIPS

The ICDF provided scholarships to the value of US\$400,000 to students in the East Caribbean, supplementing the US\$200,000 in scholarships which was disbursed by ROC embassies during the year.

In addition, the ICDF set aside US\$100,000 for scholarships of US\$400 each to 250 primary school students in Macedonia.

Six scholarships are also being provided to foreign students invited to take the master's degree program which the ICDF is offering in collaboration with the National Pingtung University of Science and Technology.

ROC-CENTRAL AMERICA ECONOMIC COOPERATION AND DEVELOPMENT FUND

On 3 July 1998, at the conference of ROC and Central American foreign affairs ministers, MOFA's Minister of Foreign Affairs, together with the foreign ministers of Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, and the representative of the Central American Economic Integration Secretariat, signed an agreement to establish the *ROC-Central America Economic Cooperation and Development Fund*. The ICDF has been asked to administer the Fund.

Since its creation in September 1998, the Fund has held two board meetings. It has accumulated principal of US\$20.08 million, with US\$700,000 in cumulative interest income.

Distribution of Aid Projects

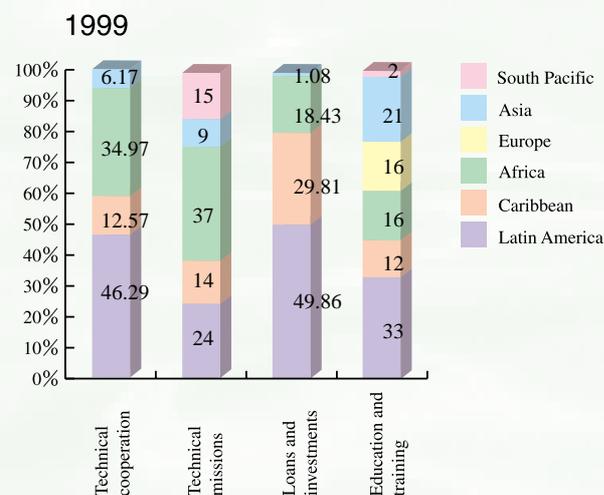
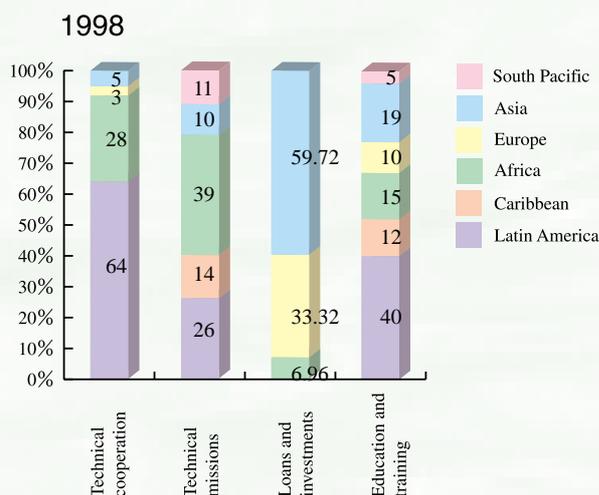
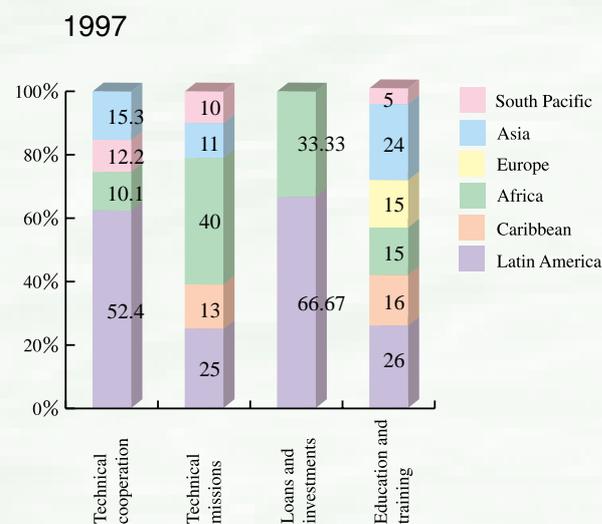


Table 2: ROC–Central America Economic Cooperation and Development Fund (US\$)	
<i>Source of Funds:</i>	
Grant by ROC Government	20,000,000.00
Grant by CABEI	84,444.45
Total	20,084,444.45
<i>Interest Utilization:</i>	
Interest income	700,606.14
Expenses	13,642.53
Surplus	686,963.61

For a period of 12 years, as of September 1998, the ROC government will be appropriating US\$20 million annually to the Fund. The Central American Bank for Economic Integration (CABEI) has also agreed to provide certain funding from its lending operations which are funded by the ICDF.

The Fund's board of directors, chaired by the Minister of Foreign Affairs of the ROC, consists of the foreign affairs minister of each member nation, with each country's ambassador to the ROC serving as an alternate to his or her minister.

A secretariat, to which one staff member has been seconded, has been established at the ICDF headquarters. ICDF personnel are expected to assist in handling secretariat matters, according to their skills and experience.

Unless otherwise decided by the board of directors, the interest proceeds of the Fund may be utilized for the following purposes:

- Projects that foster the overall or individual economic development of the ROC and the countries of Central America
- The design, research and preparation of projects that seek to bring about regional economic and trade integration and development in Central America
- Feasibility studies of socioeconomic development projects in any of the countries of Central America
- Policy and institutional development programs seeking to achieve overall or sector reform, including (but not limited to) improvement of trade, investment and tax systems
- Improvement of the implementation capability of the public sector
- Grant programs enabling participation in economic development seminars or other relevant training in the ROC
- Operating expenses of the Central America Trade Office (CATO) in Taipei
- Fund management expenses

The first project to be financed by the Fund is a scholarship program proposed by Nicaragua, to train senior officials of the governments of the member countries.



