

Summary of 2004 Operations

Banking and Finance Operations

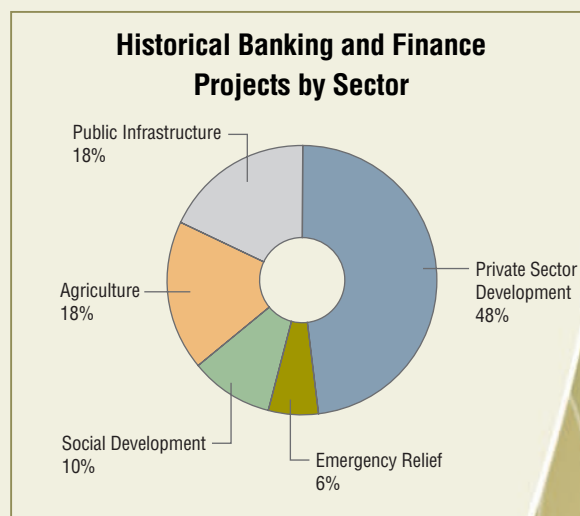
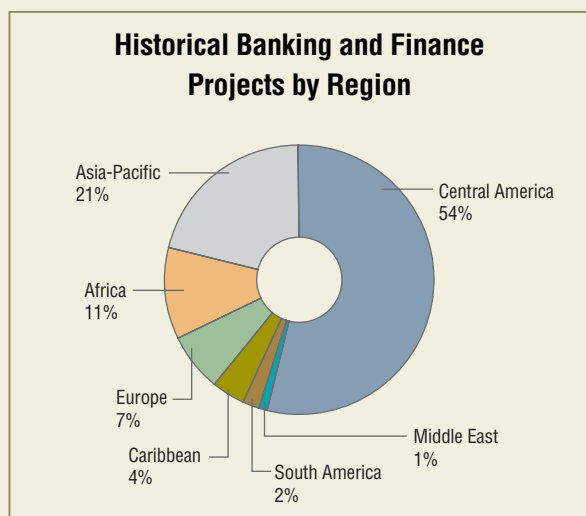
Banking and finance operations include: (1) implementing core projects approved by the TaiwanICDF's Board of Directors and Supervisors; (2) providing Taiwanese private sector companies with investment guarantees to invest in partner nations according to the MOFA's economic- and trade-oriented diplomatic policies; (3) promoting private sector investment plans; (4) fostering cooperation with international development organizations; and (5) distributing smallholder loans based on plans by overseas technical missions.

In 2004, the TaiwanICDF signed another four cooperative agreements with international

organizations, bringing the number of year-end banking and finance projects to 66 (including smallholder credit projects). Aggregate loan agreements amounted to US\$493,973,422. Of this financing, US\$363,034,030 has been disbursed, equivalent to 73 percent of the total amount. In addition, 33 percent of the funds, amounting to US\$164,038,719 has been recovered. Six more plans approved by the board are waiting to be signed, amounting to US\$24 million in financing and US\$25 million in investment. Of the approved plans, the greatest amount of capital has been channeled to Central and South America (56 percent), followed by

Signed Banking and Finance Projects in 2004

Name of Project	Type of Project	Joint Board Conference	Budget Allocation
Gambia Micro-finance and Capacity Building Project	Micro-credit	23rd	US\$ 1,000,000
Nicaragua Agricultural Production Reactivation –Phase II	Agricultural Production	26th	US\$ 5,000,000
ProCredit Bank Project	Micro-credit	29th	US\$ 3,000,000
CABEI Special Fund for the Social Transformation of Central America (FETS)	Social Development	30th	US\$ 10,000,000



the Asia-Pacific region (21 percent). Europe stood at seven percent, Africa at 11 percent, the Middle East at one percent, and the Caribbean at four percent.

Technical Cooperation

The TaiwanICDF is commissioned by MOFA to operate technical missions overseas and to run the Taiwan Youth Overseas Service program. The Fund implements other technical assistance projects including consultancy services for SMEs, institutional capacity building, and specialized research; it also manages the Taiwan Overseas Volunteers program.

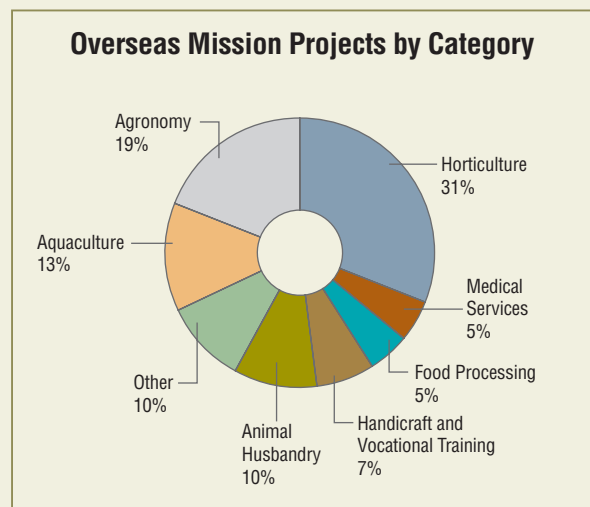
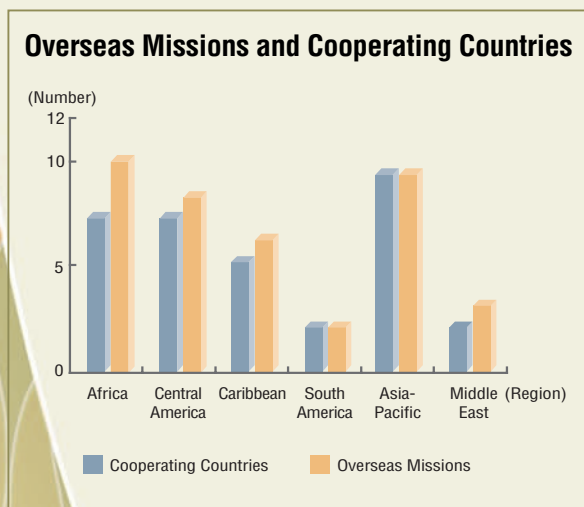
Technical Missions and Commissioned Projects

In 2004, the MOFA commissioned the TaiwanICDF to manage overseas technical and medical missions for NT\$1.23 billion. At the end of December 2004, a total of 38 missions (not including the technical mission in Dominica, which was terminated in mid-April) were stationed in 32 countries, with a combined staff of 261 involved in 85 cooperation projects. Sixteen projects involve agronomy, 26 horticulture, 11 aquaculture, nine animal husbandry, four food producing, four medical

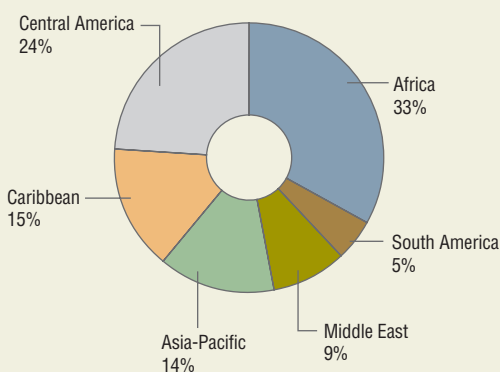
services, six handicrafts and vocational training, and nine others.

In Latin America, the TaiwanICDF cooperates with CABEL, specialized international organizations such as the IICA and Colombia’s CIAT, and governments of allied nations (especially agricultural and livestock ministries) in carrying out its multilateral cooperation projects. In 2004, the TaiwanICDF also invited officials and specialists from selected Central American and Caribbean countries to participate in agricultural technical workshops and SME seminars held by the host-country technical missions. In 2004, six workshops were held in five countries. These workshops, led by technical mission specialists, helped to further publicize Taiwan in the international arena.

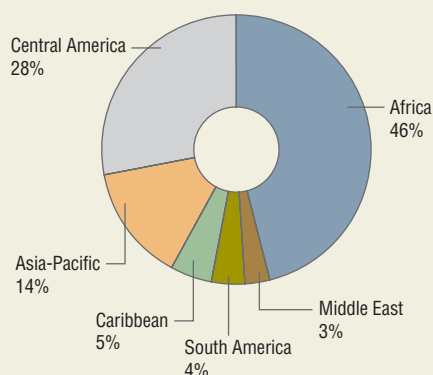
In conjunction with the government’s goal to reduce the “digital divide,” the TaiwanICDF sent fact-finding missions to Guatemala, Swaziland and Senegal in 2004 to host regional conferences and share Taiwan’s successful experience in broadband infrastructure, e-government, e-industry, e-infrastructure, e-society, and corporate- and government-related information application projects. The delegations also provided consultation services to



Overseas Mission Personnel by Region



Overseas Mission Expenditures by Region



allied and friendly countries to better understand the state of information infrastructure and the development of the industry in those nations. The information gathered will be used in planning future assistance to those countries in developing digital opportunities. The TaiwanICDF was also commissioned to carry out information cooperation projects under the APEC framework in Chile and Peru, which is helping to promote “knowledge diplomacy” and technology assistance strategies.

Technical Assistance

The TaiwanICDF’s technical assistance

operations include providing assistance and consultation services to SMEs, institutional capacity building, and specialized research.

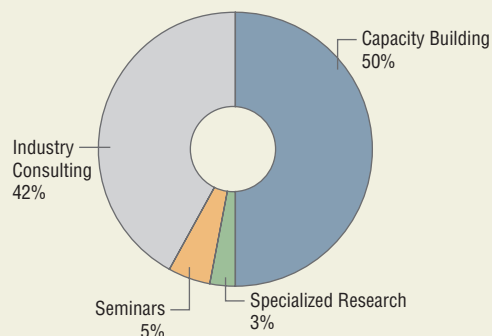
In 2004, TaiwanICDF continued to cooperate with Central and South American countries to hold industrial assistance and training courses. For example, an export processing zone management course was held in Paraguay, and an SME seminar took place in Guatemala. In addition, food processing, agricultural research, and SME promotion cooperation plans were held in cooperation with friendly and allied countries in Africa and the Asia-Pacific.

The TaiwanICDF has undertaken a number of institutional capacity building projects in Latin America and the Caribbean. Computers have been donated and seed teachers trained for the IT School Project in Paraguay. The Fund has also assisted three East Caribbean nations in upgrading medical hardware and has provided medicines and equipment to regional health clinics in Nicaragua, where the TaiwanICDF posted a short-term medical volunteer delegation. The TaiwanICDF is working with regional development organizations and NGOs in both bilateral and multilateral projects. It cooperated with the IICA to hold a Latin American Organic Farming Conference in Panama and jointly held two Agrobusiness International Audio-visual Conferences with YABT. Furthermore, the TaiwanICDF set up the InfoBiz Youth Information Cooperation Project and accepted a commission from the IDB to carry out the second stage of the Aquatic Product Processing Technology Assistance Project in Nicaragua.

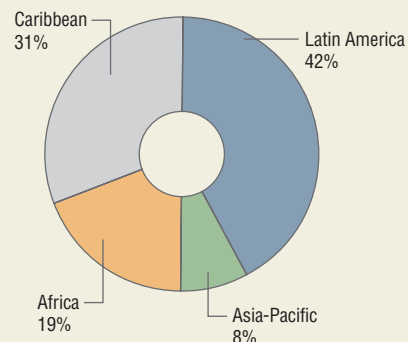
In 2004, TaiwanICDF implemented 17 technical assistance projects, with seven related to SME development, five targeted at capacity building, and one involving specialized research. The Fund was also responsible for holding four seminars.



Technical Assistance Projects by Category



Technical Assistance Projects by Region



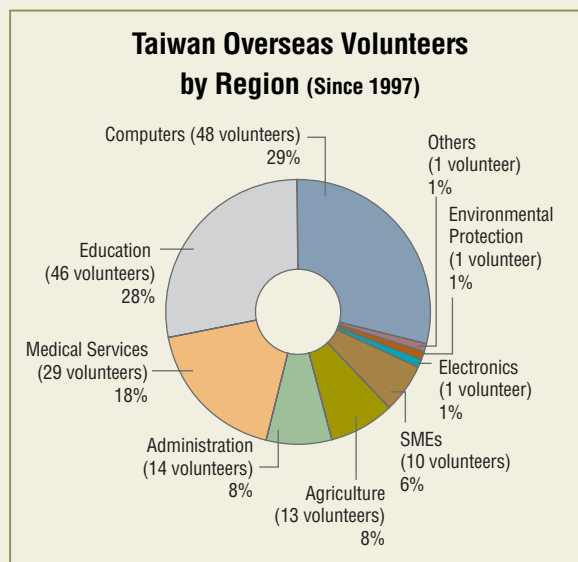
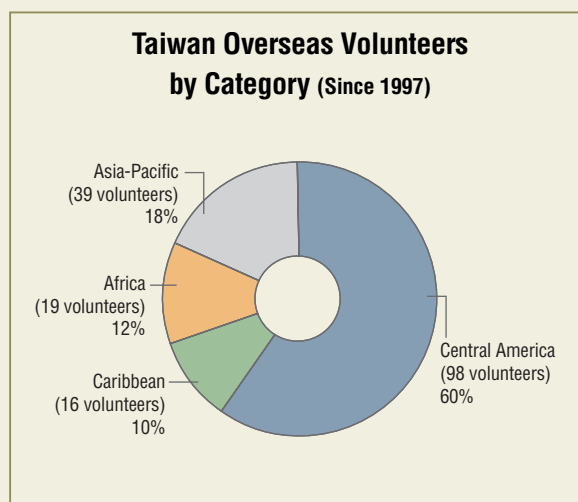
Technical Assistance Projects in 2004

Region	Country	Project Name	Project Type
Central and South America	Guatemala	SME Development Workshop	Seminar
	Nicaragua	Aquatic Product Processing Technology Assistance Project –Stage II (with the IDB)	Industry Consulting
	Nicaragua	Medical Equipment Improvement Project	Capacity Building
	Panama	Latin America Organic Farming Conference	Seminar
	Paraguay	Export Processing Zone Operation and Management Project	Industry Consulting
	Paraguay	IT School Project	Capacity Building
	Central and South America	InfoBiz Youth Information Cooperation Project	Industry Consulting
	Central and South America	Agrobusiness International Audio-Visual Conference (with YABT and GDLN/World Bank)	Seminar
	Central and South America	Rice Production International Audio-Visual Conference (with YABT and GDLN/World Bank)	Seminar
Caribbean	Grenada	Medical Equipment Improvement Project	Capacity Building
	St. Christopher & Nevis	Medical Equipment Improvement Project	Capacity Building
	St. Vincent & the Grenadines	Medical Equipment Improvement Project	Capacity Building
Africa	Burkina Faso	Farmland Development Assessment and Research Project	Specialized Research
	Burkina Faso	Food Processing Technical Assistance Project	Industry Consulting
	Gambia	Food Processing Technical Assistance Project	Industry Consulting
	Malawi	Small Sized Corn Grinding Factory Project	Industry Consulting
Asia-Pacific	Mongolia	Horticulture and Animal Husbandry Extension Project	Industry Consulting

Taiwan Overseas Volunteers

Initiated in 1997 when the TaiwanICDF sent five volunteers to Swaziland, the Taiwan Overseas Volunteer program is now in its eighth year. At the end of 2004, 157 volunteers had participated in the program (not including short-term volunteers), providing service in 22 friendly and allied nations. Volunteers engage in a range of services including SME consultation, computer maintenance and training, Chinese and English language teaching, ethnic dance instruction, agricultural product distribution assistance, pest prevention, and medical assistance. As of December 31, 2004, there were 62 volunteers serving in Panama, Costa Rica, Nicaragua, Honduras, St. Vincent & the Grenadines, Belize, Indonesia, Thailand, the Marshall Islands, and India.

The TaiwanICDF recruits two-year volunteers on an annual basis. In an effort to add flexibility to the program's services and increase operational efficiency, the Fund has begun dispatching short-term volunteers overseas for disaster relief or projects of a special nature since 2003. The TaiwanICDF sent six short-term volunteers to Costa Rica, Nicaragua, the Marshall Islands, and Kiribati in 2004 to engage in historical documenting, mobile medical service provision, and cooking demonstrations.



Taiwan Youth Overseas Service

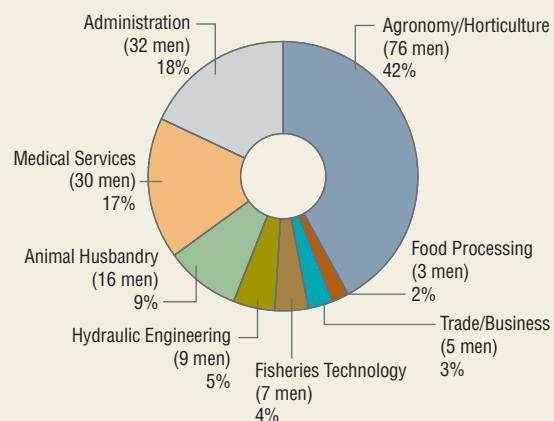
The Taiwan Youth Overseas Service is carried out under the auspices of the MOFA. The TaiwanICDF is responsible for training the persons as well as related management. Young men in the program assist overseas technical missions or medical missions based on their areas of expertise. They help the missions in agricultural and fisheries extension, trade/business development and industry consulting, medical services, computer related areas, and education projects.

The second group of 35 servicemen who

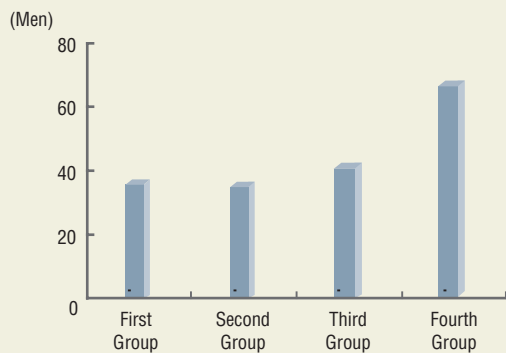


participated in the program completed their terms of duty in April 2004 and returned to Taiwan. The third group, consisting of 41 conscripts, was dispatched overseas to 22 friendly and allied nations starting on January 12, 2004, after receiving three months of training. Due to increasing public awareness of the program, the size of the fourth group has been expanded to 86 servicemen, and they have completed basic language and skills training at the end of 2004. Of this group, 20 will serve at the MOFA, while the remaining 66 (34 in agricultural technologies, three in fisheries technology, three in animal husbandry, three in hydraulic engineering, two in food processing, 10 in medical services, and 11 in administration) will be sent overseas to their respective postings in January 2005.

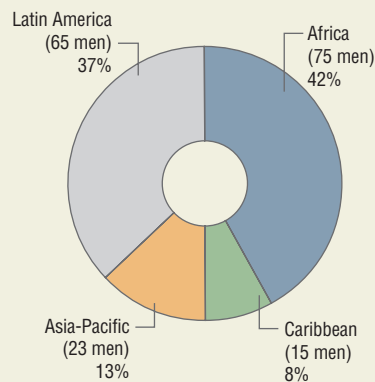
Taiwan Youth Overseas Service by Specialty
(Since 2001)



Taiwan Youth Overseas Service Participants
(Since 2001)



Taiwan Youth Overseas Service by Region
(Since 2001)



Taiwan Youth Overseas Service by Distribution

	Africa (Seven Countries, 11 Missions)	Latin America (Nine Countries, 10 Missions)	Caribbean (Two Countries, Two Missions)	Asia-Pacific (Five Countries, Five Missions)	Middle East (One Country, One Mission)	Total
1st Group	14	14	6	2	0	36
2nd Group	16	12	4	3	0	35
3rd Group	18	17	3	3	0	41
4th Group	27	22	2	13	2	66
Total	75	65	15	21	2	178

International Human Resource Development

TaiwanICDF human resources development operations are devoted to the training of personnel needed by allied and friendly countries for their economic and social development. These operations

included the following:

(1) Specialized Seminars and Scholarships: A total of 15 seminars were held in 2004 in which 450 government officials from 76 countries came to

Number of Students Studying for Master's and PhD Degrees in 2004

Program Region	NPUST TAIC		NCCU		NTHU	NTOU	NYMU	NTNU	NCU	Subtotal
	Master's	Ph.D.	IMBA	Taiwan Studies						
Africa	6	5	0	0	3	6	5	2	0	27
Latin America	3	1	8	0	7	2	1	1	1	24
Caribbean	3	0	0	1	1	0	0	0	0	5
Asia-Pacific	1	0	0	0	0	0	0	0	0	1
Total										57

International Human Resource Development Seminars in 2004

	Seminars	Number of Participants	Number of Countries Represented	Date
1	Workshop on SME Development	28	25	3/3-3/20
2	Workshop on Technology Industry Policy and Management	27	25	3/18-3/31
3	Food Processing Workshop	26	22	4/1-4/21
4	Workshop on the Taiwan Experience	38	34	4/22-5/5
5	Workshop on Micro-finance	32	23	5/27-6/9
6	Workshop on Writing and Reporting for Press and Media Industries in Latin American and the Caribbean	25	13	6/10-6/23
7	Workshop on WTO Customs Modernization	18	15	6/24-7/7
8	Workshop on WTO Sanitary and Phytosanitary Measures	17	16	7/8-7/28
9	Workshop on Community Development and the Tourism Industry	35	33	7/29-8/11
10	Workshop on Aquaculture	26	23	8/4-8/24
11	International Conference On Sustainable Fisheries and Aquaculture Development in the Pacific Islands	46	6	9/13-9/17
12	Workshop on Agricultural Policy and Rural Development	30	26	9/16-9/29
13	Workshop on Trade Promotion	41	36	9/9-9/22
14	Workshop on Textile Industry Management	21	19	9/23-10/13
15	Workshop on ICT Policy Evaluation and Bridging the Digital Divide	40	5	11/25-11/29
Total		450	76	



Taiwan for training. The TaiwanICDF continued to implement scholarship projects in three Eastern Caribbean nations and Mongolia.

(2) Cooperation with International Organizations: The TaiwanICDF and World Links continued their cooperation, assisting secondary schools in five allied nations in Latin America and the Caribbean to develop Internet-related educational capabilities

(3) Scholarships and Educational Cooperation in Taiwan: The TaiwanICDF began cooperation with National Pingtung University of Science and Technology's (NPUST) Institute of Tropical Agriculture and International Cooperation on establishing scholarships that are provided to high-level agricultural technologists from friendly and allied nations to study for master's degrees in Taiwan. As of December 2004, the TaiwanICDF has cooperation programs with NPUST, National Chengchi University (NCCU), National Taiwan Ocean University (NTOU), National Taiwan Normal University (NTNU), National Tsing Hua University (NTHU), National Yang Ming University (NYMU), and National Central University (NCU) in nine fields of study, providing master's and Ph.D. coursework. The

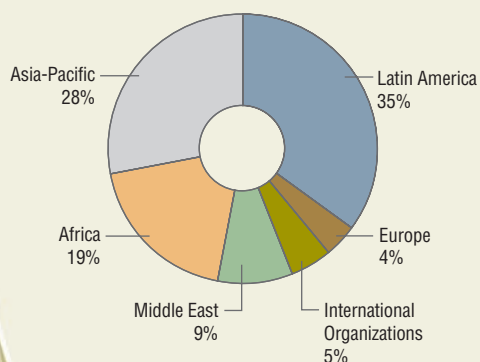
Taiwan International Cooperation Alliance (TICA) has been established with these universities to combine resources from Taiwan's academic and non-official sectors to carry out international cooperation. In 2004, 57 students were in masters and Ph.D. programs within these universities.

(4) TaiwanICDF Alumni Societies: In an effort to broaden the successes of international human resources training and pool the efforts of seminar participants, the Fund provides funding to organize and create TaiwanICDF Alumni Societies for those who have studied in Taiwan. Presently, there are 33 of these societies throughout the world.

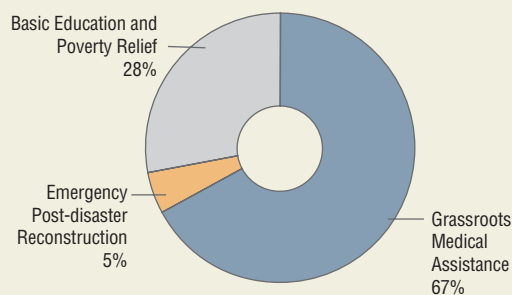
International Humanitarian Assistance

The TaiwanICDF's humanitarian assistance focuses on providing emergency assistance to friendly and allied nations following natural disasters, including emergency rescue, compassionate relief, and reconstruction assistance. The TaiwanICDF also evaluates the needs of partner nations in providing grassroots medical care, health and sanitation services, and nutritional assistance.

Seminar Participants by Region in 2004



International Humanitarian Assistance by Category

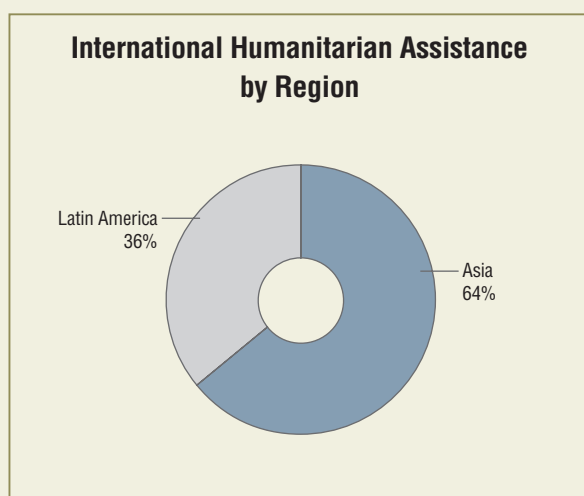


In 2004, the TaiwanICDF carried out humanitarian assistance projects in cooperation with Mercy Corps, the Paraguayan government, ORBIS Taiwan, the Taiwan Tibet Exchange Foundation, and the Taiwan Fund for Children and Families. These projects focused on improving conditions in Paraguay, Guatemala, Haiti, Uzbekistan, Tajikistan, Kyrgyzstan, Mongolia, Myanmar (Burma), and India. About US\$1

million in humanitarian assistance was made to projects related to grassroots community medical services, public health infrastructure, financing assistance to poor children, and post-disaster reconstruction.

Cooperation with International Organizations and NGOs

The TaiwanICDF cooperates on various development projects with the ADB, the CABEL, the IDB, the AfDB, the EBRD, and the OAS on a bilateral and multilateral basis. To benefit from their extensive experience in grassroots development operations, the TaiwanICDF also works with NGOs in the evaluation, implementation, and supervision of various projects. The TaiwanICDF is looking to further strengthen contact and exchanges with NGOs, as well as seeking further cooperative opportunities with them. At the end of 2004, the TaiwanICDF was involved in over 60 projects with more than 50 international organizations and local and foreign NGOs.



International Humanitarian Assistance Projects in 2004

Nation	Project Name	Type of Humanitarian Assistance
Guatemala	Child Sponsorship Project	Basic Education and Poverty Relief
Haiti	Emergency Relief Project for Hurricane Jeanne	Emergency Post-disaster Reconstruction
Paraguay	Child Scholarship Project	Basic Education and Poverty Relief
Paraguay	Medical Support to Paraguay Supermarket Fire Victims	Emergency Post-disaster Reconstruction
Central Asia Republics	Central Asia Community Health and Sanitation Project	Grassroots Medical Assistance
India	Medical Infrastructure Project for the Tibetan Community in India	Grassroots Medical Assistance
India	The Tibetan Refugee Self-help Center Medical Infrastructure Improvement Project	Grassroots Medical Assistance
Mongolia	Ulaanbaatar Oral Hygiene Project	Grassroots Medical Assistance
Myanmar (Burma)	Flying Eye Hospital Project	Grassroots Medical Assistance

TaiwanICDF Fund Utilization

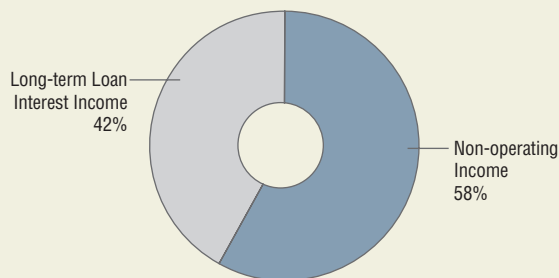
At the end of 2004, the net asset value of the TaiwanICDF's primary fund stood at NT\$14.71 billion, with accumulated funds amounting to about NT\$12.47 billion. Pledged investment and lending amounted to about US\$513.73 million, with US\$378.78 million of those funds being utilized and US\$164.04 million having been recovered. Recovered loans, funds yet to be used, and pledged funds are deposited primarily at banks and invested in short-term bills and bonds. A small portion of the capital is being invested in stocks or mutual funds in an effort to boost returns.

ROC-Central American Economic Development Fund

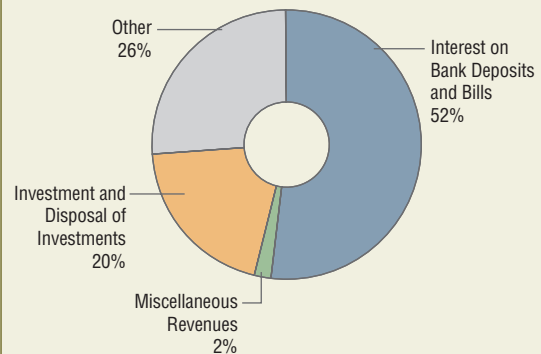
At the end of 2004, the ROC-Central American Economic Development Fund had a total capital base of US\$100 million. Funding for various programs comes from interest on these funds, since the regulations prohibit use of the base capital. Presently, the fund is carrying out five projects including:

- (1) Allocation of operational funds for the CATO
- (2) Scholarship Program for Central American Students to Study in Taiwan: To this point, the fund has provided funds to 41 students from seven Central American countries to attend

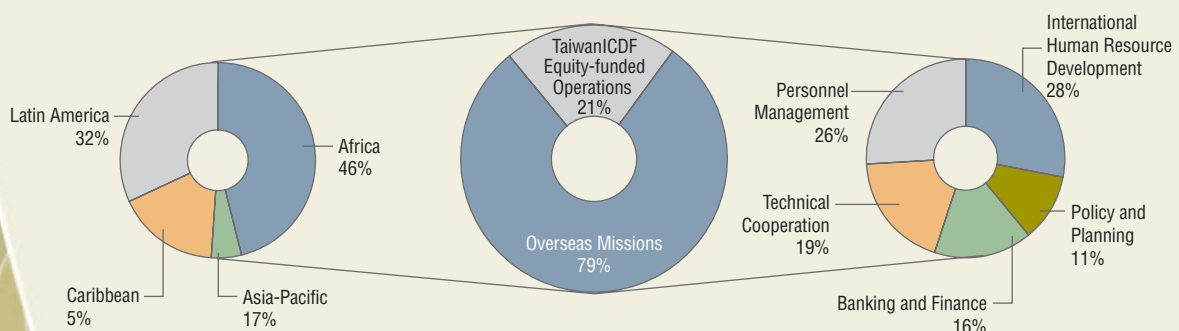
TaiwanICDF Income for 2004



Income from Non Operating Activities



TaiwanICDF Expenses for 2004



master's and doctorate programs in Taiwan.

- (3) Scholarship Program for Human Resources Development and Improvement in the Fields of Socio-Economic and Agricultural/Farming Development in Central America: The program is providing funds for undergraduate students to study at Zamorano University in Honduras and NPUST in Taiwan.
- (4) Support to the Ministries of Foreign Affairs of the Central American Isthmus for the Ratification of Integration Instruments.
- (5) Promoting Relations between the ROC and Friendly Countries by Way of Best Practice Transfers.

Latin America Development Company

The Latin America Development Company was established to make diverse investments in Central and South American nations, thereby promoting economic development and strengthening ties with friendly and allied nations. Uni-President Enterprises, President Chain Store Corp., and President International Investment are among the 25 companies that have invested NT\$350 million in the company. The TaiwanICDF has invested NT\$100 million in the company in an effort to assist in the region's development and presently holds three seats on the board. In 2004, positive results were seen in the restructuring of the Presitex Corp. SA, in Nicaragua.

Overseas Investment and Development Corporation

The Overseas Investment and Development Corporation establishes trade networks and information for Taiwan's SMEs to increase their investment opportunities in South American, Eastern

European, and South Asian countries, helping to promote the development of export industries and sustained economic development. The company has capital of NT\$900 million, and TaiwanICDF's equity investment stands at NT\$130 million, enabling it to have one seat on the board and one supervisory seat. In all, 31 local corporations have invested in the company. A total of six subsidiaries have been established in East Europe, South Asia, and Latin America that engage in engineering, metals processing, and petrochemical products. Presently, the Overseas Investment and Development Corporation has established a foreign engineering company in Chad that is participating in road improvement in the capital N'Djamena, as well as oil pipeline development and power plant construction projects.