

3 Administration



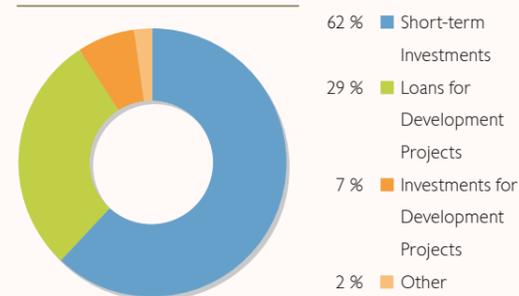
Financial Management

The TaiwanICDF's financial management objectives are to ensure stable returns, provide capital to fund operations, contribute toward the organization's missions, and create an environment that supports sustainable operations. In this context, our operational approach to financial management is designed to address stability and long-term development. The TaiwanICDF has adopted an integrated asset allocation strategy in order to pursue investment opportunities that offer reasonable returns, after accounting for the risk tolerance of the fund.

Fund Utilization

The TaiwanICDF's fund balances (the Fund) come predominantly from its founding fund, donated fund, and accumulated earnings. The Fund is used to engage in investments, loans, and credit guarantees for development projects. In an effort to boost returns and add flexibility in short- and long-term utilization, an uncommitted portion of the Fund is set aside and invested in various financial instruments, such as bank deposits, time deposits, short-term bills, bonds, and equity assets. Investment and lending for development projects comprises about 35.16 percent

Fund Utilization (2009)

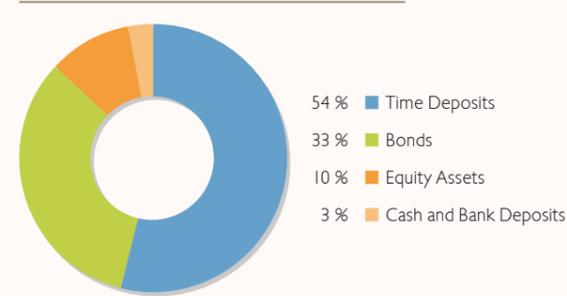


of total assets, while about 62.23 percent is devoted to financial investments. The organization obtains its income from its operating activities (i.e. revenues from investment, lending and credit guarantee operations, as well as revenues from contracted projects) and non-operating income and gains. These revenues are used to support operational and administrative expenses. In 2009, revenues on developmental investment projects were -6.66 percent. The average lending rate (excepting small farmholders' financing schemes) was 3.54 percent, which ensures the continuity of the organization's operations. Financial investments yielded 4.31 percent in 2009.

Investments, Loans and Credit Guarantees

As of December 31, 2009, the TaiwanICDF was committed to 12 investment projects, with the balance of investments standing at US\$46.82 million and NT\$230 million. The organization was also overseeing 78 lending projects, with commitments amounting to US\$475.21 million. Accumulated loan disbursements stood at US\$435.77 million, equivalent to 91.7 percent of net commitments, while total principal repayments amounted to US\$274.74 million, or 63 percent, of all funds extended. At the end of 2009,

Investment Management (2009)



allowances for bad debts of NT\$195.47 million were made (covering receivables, long-term loans and collections), in compliance with the organization's statute on Dealings with Past-Due/ Non-Performing Loans and Bad Debts, and in reflection of the quality of certain assets.

Management of Uncommitted Funds

Management of the uncommitted portion of the Fund is executed in accordance with the TaiwanICDF's Guidelines on Fund Management and related internal controls. The world's financial markets are gradually improving, yet a degree of uncertainty remains. With loose monetary policies still being pursued throughout the world, the TaiwanICDF's allocation of assets has continued to focus on time deposits. Bond holdings were gradually increased, while strict controls remained on foreign currency positions in order to reduce risks associated with currency fluctuations. In 2009, investments in equities yielded returns of 26.88 percent. Overall, returns on financial assets during the year rose to 4.31 percent from 1.31 percent in 2008.

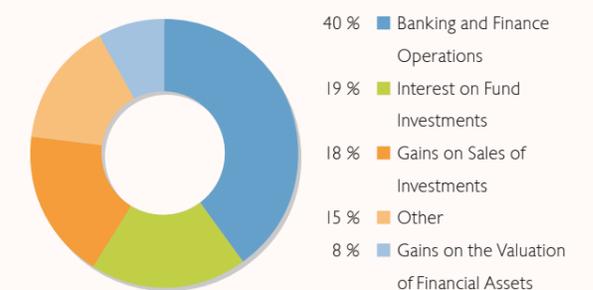
Prospects

In future, the TaiwanICDF's financial management will continue to focus on maintaining stable sources of income to fund its operations, with a primary emphasis on security and liquidity. The organization will gradually increase its holdings of fixed income assets to achieve stability in returns. Meanwhile, strategies for managing foreign currency will remain unchanged, thereby reducing exchange rate risks and helping the organization to pursue stability in the value of its assets.

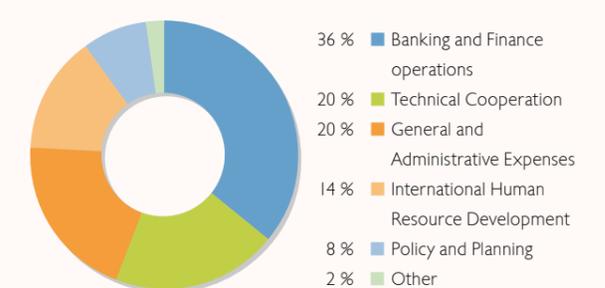
Accounting Management

The TaiwanICDF's revenues are derived mainly from Fund interest, interest on loans, returns on investments and revenues from government-commissioned projects. Fund interest, interest on loans and returns on investments are primarily channeled to fund routine operations, including various assistance projects, humanitarian assistance, scholarship programs, and workshops; and the TaiwanICDF's administrative, management and general expenses. The majority of funding for government-commissioned projects is received from MOFA for the purpose of managing overseas technical and medical missions. The organization also remains contracted to carry out the Central America Environmental Technology Cooperation Project on behalf of

Fund Revenues (2009)



Fund Expenditures (2009)



Revenues and Expenditures (2005-9)



the Environmental Protection Administration (EPA).

In 2009, revenue from government-contracted projects was NT\$1.319 billion, of which 99.7 percent was associated with MOFA's international technical cooperation projects (including overseas technical and medical missions, workshops and scholarship programs), with the remaining 0.3 percent originating from the EPA.

In 2009, operating revenues and non-operating income and gains amounted to NT\$895.77 million, representing an increase of 51.8 percent from NT\$589.99 million in the previous year. Revenue from banking and finance operations (including return on investment and lending interest) comprised the largest share (40%), followed by interest on fund investments (19%), gains on sales of investments (18%), other revenues (15%), and gains on the valuation of financial assets (8%). Expenditures for 2009 came to NT\$589.67 million, a rise of 12.43 percent from NT\$524.48 million during the previous year. For the year as a whole, excess of revenue over expenses was NT\$306.22 million, representing an increase of NT\$240.58 million from NT\$65.64 million in 2008. This significant increase was mainly due to profits from investments in the European Bank for Reconstruction and Development's (EBRD's) Financial Intermediary Investment

Special Fund, and the recovery of loans from the first phase of the Subic Bay Industrial Park Development Project in the Philippines.

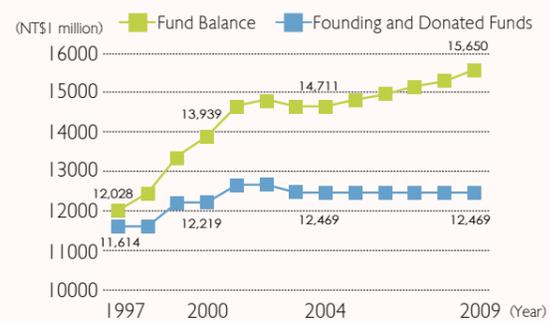
Having recorded a sharp drop in the previous year, the Taiwanese stock market picked up significantly during 2009, and generally outperformed the slower economic recovery seen globally. Consequently, discretionary investments in the Taiwanese stock market generated large profits. US dollar-denominated assets also yielded handsome exchange gains.

Fund Utilization and Balance

As of the end of 2009, the Fund had a net balance of NT\$15.65 billion (including founding and donated funds of NT\$12.47 billion and accumulated earnings of NT\$3.18 billion). This represented a rise of 2.0 percent, or NT\$306.22 million, from the end of 2008.

In 2009, total assets stood at NT\$15.94 billion, including current assets of NT\$7.50 billion, long-term loans and investments of NT\$8.42 billion, fixed assets of NT\$20.93 million, and other assets of NT\$2.18 million. The organization's total liabilities stood at NT\$292.45 million while the total Fund Balances (funds and accumulated earnings) stood at NT\$15.65 billion.

Fund and Fund Balances (Since 1997)

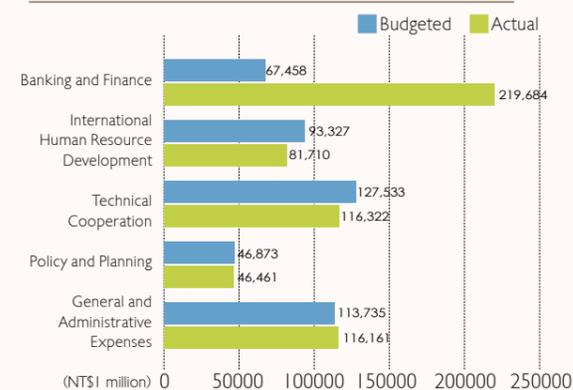


Budget Execution

In 2009, MOFA contracted the TaiwanICDF to carry out overseas operations worth NT\$1.35 billion, of which NT\$1.08 billion was budgeted for operating expenses at overseas technical and medical missions. In addition, the TaiwanICDF was contracted to carry out 13 projects worth NT\$94.49 million, including the Technical Assistance Project to Reduce the Digital Divide, and the Rural Communities Integrated Development Project, both in São Tomé and Príncipe; the Torbeck Rice Production and Marketing Project, in Haiti; and the Taiwan Scholarship Program. NT\$60.56 million was also spent training servicemen in the Taiwan Youth Overseas Service. The contracted budget from the EPA came to NT\$5.3 million. The total budget for commissioned projects was NT\$1.36 billion, with the budget utilization rate reaching 97 percent. From this, funds of NT\$1.08 billion went toward operating overseas technical and medical missions, with a utilization rate of 99.52 percent.

Operating expenses (excluding expenses for contracted projects) amounted to NT\$580.67 million, compared with a budget plan of NT\$448.93 million, translating to a utilization rate of 129.35 percent.

Budgeted and Actual Expenditures (2009)



Administration, Management and Institutional Operations

The financial crisis that recently swept the globe has left many economies in a weakened state. In this context, the TaiwanICDF's administrative operations have sought to respond to financial constraints by providing support services on a more flexible basis, managing procedures more efficiently, and maintaining a high standard of internal communications at reduced cost. We have also developed a system of operational benchmarks, enhanced the organization's knowledge-management infrastructure, and introduced additional education and training projects. Our aim is to nurture an environment that emphasizes observation and learning, and to cultivate staff whose project management skills can raise the competitiveness of the TaiwanICDF.

Information and Knowledge Management

Through 2009, we continued to expand the organization's knowledge-management platform, in order to improve internal communications and streamline operational procedures. A diverse collection of operational, fiscal and administrative systems are being integrated into this management platform, creating a single window through which employees communicate. The introduction of a system that does not require users to be logged into several applications has reduced time and labor, and allowed for the real-time monitoring and management of working practices and procedures. The system has also reduced the amount of paper generated, thereby contributing toward our drive to operate in an environmentally friendly manner. Using this

platform has also cut the time taken to coordinate internal resources and has synchronized communication between various offices, thereby having a significant impact on our administrative efficiency.

The introduction of our knowledge-management platform allows the TaiwanICDF's organizational, intellectual assets to be shared more effectively. Staff were quick to adapt to the new platform, recognizing its potential for retrieving information, contributing to a growing knowledge base, exchanging experiences, and sharing opinions. The utilization rate is high and the number of documents being logged is increasing significantly. Moreover, the transparency of the system has boosted communication on internal affairs, enabling operations to be carried out with more efficiency and with accurate data on hand at all times.

Human Resource Management

People are the heart of an organization. Human resource remains our most important asset, and the continuing expansion and diversification of operations has challenged us to find new ways of managing limited resources. In 2009, we sought to strengthen human resource education and training, in order to boost institutional competitiveness.

Over the course of the year, arrangements were made for employees to receive training at several external organizations, centered around professional competency and interconnected issues, and global trends. At the same time, we provided several internal training courses: Fiscal Management and the Design of Anti-Abuse Measures, Macroeconomic Analysis, The Company Act, Bond Trading Practices, Financial Analysis for Banking Institutions, Negotiation Techniques, and Global Economic and

Banking Development. These courses were designed to support individual and institutional growth, and keep the TaiwanICDF in step with international trends.

Project for Excellence for Overseas Technicians

Technicians stationed at overseas missions have undergone intensive training over the past three years, with many staff studying the fundamental applications of ICT, and agricultural enterprise management. Training

TaiwanICDF Outstanding Personnel (2009)	
Best Staff Members	Technical Cooperation Department Tseng Yun-ching
	Administration and Management Department Liu Ding-zone
Highly Commended	Policy and Planning Department Chou Ya-fen
Outstanding Missions and Overseas Personnel (2009)	
Best Mission	Technical Mission in Nicaragua
Highly Commended	Technical Mission in Honduras
Best Mission Leader	Technical Mission in Nicaragua Mission Leader Wang Zeng-ru
Highly Commended	Technical Mission in Honduras Mission Leader Huang Tien-shin
Best Mission Personnel	Technical Mission in Indonesia Technician Wu Jiong-feng
	Technical Mission in São Tomé and Príncipe Technician Guo Jun-yan
	Technical Mission in Honduras Technician Hong Xin-ru
Highly Commended	Technical Mission in Kiribati Technician Zhang Ren-mou
	Technical Mission in Swaziland Technician Wu Yuan-an
	Technical Mission in Guatemala Technician Ou Wen-kai

received in Taiwan has combined practical and theoretical considerations in development to great effect, allowing these colleagues to expand their horizons.

In 2009, our Project for Excellence initiative adopted training methods first piloted at technical missions in Nicaragua and Honduras. Arrangements were made for other technicians to visit these countries to observe their colleagues' progressive approach toward agronomy and horticulture. Project for Excellence observation camps are conducted to prove that entrepreneurial concepts in agriculture can be introduced in all of our partner countries. These camps have helped to expand technicians' international outlook, provided an opportunity to observe success stories, and promoted solidarity and a common cause. Technicians now possess a clearer understanding of transition projects and the blind spots that they are likely to face while implementing such initiatives, and have reported that their study experience has renewed their motivation and boosted their determination to ensure the success of future projects.

This initiative has helped to consolidate the core knowledge of our overseas technical staff. The testimony of experienced colleagues from individual missions has imparted many years of accumulated familiarity with theory and practice, methods of fine-tuning projects to improve their performance; and production, marketing and operations. The collective memory of TaiwanICDF colleagues is transforming our organizational learning procedures.

Management Training for Middle Managers

The TaiwanICDF has recruited senior lecturers specializing in management to provide training to its mid-

level managers, enabling these employees to maximize their potential and enhance their professional expertise. Training coursework for this Workplace Coaching and Employee Development Program employs interactive learning techniques, and stimulates discussion by considering relevant case studies, with participants learning how to apply good coaching skills to daily management tasks.

Project Management Workshops

Most of our operations involve projects implemented in specific countries or regions. By organizing project-oriented workshops, we are able to strengthen the expertise of staff in specific fields and sharpen management skills. These workshops also introduce management techniques used by other international development organizations during the course of their projects, and offer advice on various issues relevant to each individual stage of the project cycle.

In 2009, the TaiwanICDF held a special project management workshop for 34 staff working in operational, support or logistics units, emphasizing key knowledge in management and its applications. The workshop also addressed related issues such as strategic thinking and multitasking.

Lectures

Over the course of the 2009, a number of respected specialists and experts were invited to deliver lectures on wide-ranging, topical issues, helping staff and the organization to grow. These lectures stressed the importance of being sensitive to mainstream topics in international cooperation, the need to cultivate a diverse intellectual background, and the importance of executing projects

designed by the TaiwanICDF. In 2009, staff attended lectures on a range of topics, including knowledge management and innovation, cross-strait relations and external assistance policies, international humanitarian assistance, trade diplomacy and prospects, and the trade-offs associated with an economic cooperation framework agreement with China.

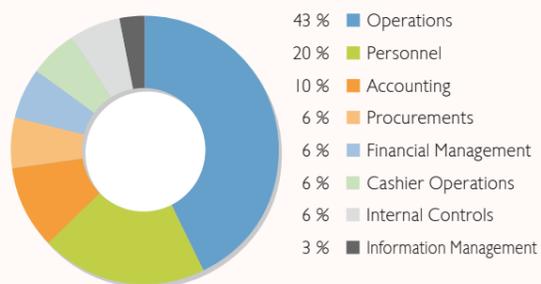
Reforms to Reservist Training Systems

In 2006, the TaiwanICDF initiated two reservist training programs: the Training Project for Returned Overseas Servicemen, and the Scholarship Program for Future Overseas Personnel. In 2009, we conducted a thorough review of both programs to ensure that they were achieving maximum results and beneficial to participants. We concluded that training placements should be extended from six months to nine months, offering greater opportunities to gain practical experience and skills. Additional evaluation procedures for returning servicemen are also being introduced; their feedback will be used to improve training for future servicemen.

Auditing

The TaiwanICDF's auditing work is primarily intended to assist the Board of Directors and Supervisors to monitor the organization's operations, and to provide managers and departments with constructive suggestions on how to improve their operational efficiency and performance. Audits also aim to make the management of the organization's funds more effective, and ensure operations are conducted transparently and systematically. The focus of auditing work includes: (1) examining internal operations and determining whether procedures have followed TaiwanICDF policies, regulations and procedural guidelines; (2) examining the reliability and accuracy of financial and operational information; (3) examining whether assets are being utilized effectively and are correctly itemized; (4) examining whether completed operations and projects met their intended objectives, and achieved results as anticipated; and (5) on-site visits at overseas missions to examine the results of projects, and assess the accuracy and management of the

Audits (2009)



special accounts that exist for various projects — including accounting and payments, and the accuracy of accounting and cash operations.

Audits in 2009

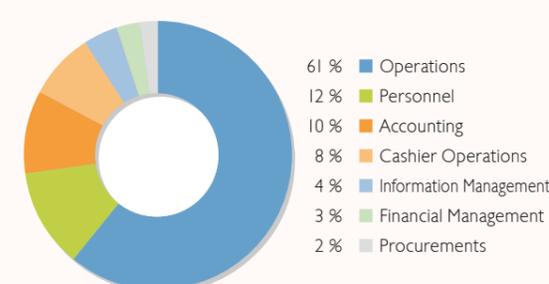
A total of 31 audits were conducted in 2009. Twenty-five of these were mandated by the Board of Directors and Supervisors, with another six extraordinary audits being ordered by senior managers. These activities were conducted in response to issues concerning senior management and accounting units, and focused on risks and operational controls.

Audits in 2009 were as follows: 13 were related to operations, six to personnel, three to accounting; two each to cashier operations, internal controls, financial management, and procurements; and one to information management.

Results of Audits

In 2009, audits yielded 103 suggestions: 64 on operations, 12 on personnel, ten on accounting, eight on

Audit Suggestions (2009)



cashier operations, four on information management, three on financial management, and two on procurements.

Audits and subsequent conclusions were aimed at strengthening internal controls and communication between departments, raising colleagues' awareness of risks, guaranteeing the safety of the organization's assets, and ensuring the reliability and accuracy of financial and operational information.

Marking the 50th Anniversary of Taiwan's Overseas Assistance

In 2009, we commemorated the 50th anniversary of Taiwan's endeavors in overseas technical assistance. In order to mark this era, we held exhibitions in three Taiwanese cities, and at the Taipei Economic and Cultural Office in New York, highlighting the country's history of achievements in international cooperation and development. In addition, a new book, *Global Footsteps: Taiwan's Role in Building a Borderless World*, focused on the contributions made by Taiwanese technicians, using interviews from both retired and current colleagues to tell the story of work conducted by the TaiwanICDF over the years. We hope that by chronicling these efforts and achievements, the public will be able to appreciate the significance of development assistance and become inspired to join international development work.