IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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IFAD'S YEAR 2000 COMPLIANCE PROGRAMME

Introduction

1.   The year 2000 poses a challenge for most organizations because various automated applications might cease to function normally as a result of the way date fields are handled in some computer equipment and applications. Those systems, which were developed using the last two digits to designate the year, may fail completely, malfunction or cause data to be corrupted when moving from 1999 to 2000. The "Year 2000" phenomenon is not limited to computer applications; in fact, all equipment containing computer chips (e.g., telephones, cable systems, calculators, copiers, elevators, security-door systems) may be affected.

2.   This document has been prepared to inform the Executive Board of the various initiatives undertaken by the Fund at the divisional level, and in particular in the area of information systems.

Approach

3.   In the latter part of 1998, the Fund identified the need to increase attention on Year 2000 issues, and it has decided to launch an IFAD-wide Year 2000 Compliance Programme to ensure the continuity of IFAD business.

4.   The scope of the programme will not be limited to systems or other activities within IFAD, but will be extended to cover the Fund business relationships with its partners. The Year 2000 challenge belongs to everyone, and if some of our counterparts and business partners (banks, cooperating institutions, non-governmental organizations, etc.) and communications networks are not Year 2000 compliant, IFAD's business may be affected as well.

5.   The President has instituted a time-bound Year 2000 Task Force, chaired by the Vice-President of IFAD and composed of the Controller, the Treasurer, the chief of Administrative and Protocol Services and the directors of the Personnel and Management Information Systems Divisions. A coordinator of the programme has been nominated to facilitate the work of the functional units involved and to ensure continuous flow of information throughout the Fund. The task force will call on other organizational units as needed during this effort and will periodically issue staff updates.

6.   The Year 2000 Compliance Programme is organized along three main lines of intervention: risk assessment, identification of remedial actions and contingency measures:

7.   **Risk assessment**. The purpose of this phase is to assess the risk IFAD may face, should any internal or external system fail. The intensity of the business impact of potential failures will determine if action is to be taken, and will define the need and scope of establishing contingency measures. This crucial phase will involve most organizational units, which will be requested to look either at the components internal to IFAD or at external entities.

8.   IFAD is compiling an inventory of date-sensitive systems and other devices, and is seeking compliance certificates from vendors. Regarding in-house-developed or customized corporate applications, the task force will determine if special testing is required and will define the appropriate strategy, with the participation of all organizational units concerned.

9.   **Identification of remedial actions**. Some actions have already begun. With respect to the Personnel and Payroll system, the conversion project was initiated in October 1998, with a planned completion deadline of April 1999. Another potential non-compliance issue, the presence of obsolete personal computers and software, will be resolved by mid-1999, once new workstations and office suite software have been deployed.

10.   Other actions for remedying non-compliant components will be addressed according to the priorities defined by the task force and under the responsibility of the owner units and the technical divisions concerned. The Year 2000 Task Force will review the plans, ensure that set priorities are considered, and verify that individual milestones fit the overall Year 2000 task plan.

11.   Although IFAD cannot impose or be responsible for Year 2000 compliance by external entities, the identification of the risk associated with potential non-compliance situations will determine IFAD's approach in order to ensure business continuity. IFAD is compiling a list of business partners. It will document the Fund's dependency on these partners and seek the status of their compliance through an exchange of information.

12.   In addition, all divisions concerned will initiate a general awareness exercise and make all efforts to promote compliance. This will complement the efforts of other international organizations such as the World Bank, the International Monetary Fund, and the United Nations, government agencies and private companies. Attempts should be made to reach agreements with business partners on contingency procedures should information or communication be affected.

13.   **Contingency measures**. Despite the initiatives described above, there is always the possibility that something could still go wrong in particularly sensitive areas. This risk will be minimized by adequate contingency measures developed by the task force and relevant organizational units. These measures should be tested and a team of "fire fighters" should be trained and ready to implement them in January 2000, in the event that the task force declares an emergency situation.

Conclusion

14.   The Executive Board is requested to take note of the comprehensive Year 2000 Compliance Programme, established to ensure the Fund's smooth transition into the new millennium. No major issues are anticipated with respect to IFAD internal systems. Subsequent reports will be presented to the Executive Board in December 1999 on the status of Year 2000 compliance, and in April 2000 on the completion of the programme.