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PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1999

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I. INTRODUCTION AND OVERVIEW

1. At its Sixty-Fourth Session in September 1998, the Executive Board reviewed the Preview of the Programme of Work and Budget of IFAD for 1999 (document EB 98/64/R.5), which provided the Fund's strategic directions for the medium and long term as well as the objectives for 1999.
2. IFAD's corporate strategy framework for 1999 will continue to focus on its core mandate of eradicating rural poverty and will be guided by the five Strategic Thrusts identified in 1997 (see Box 1). The medium-term objectives that have been set consist of jointly developed goals which will be measurable for the first time against the Corporate Scorecard. Critical linkages between divisional goals and objectives will be closely monitored.
3. IFAD's proposed 1999 Programme of Work of 472.77 million United States dollars (USD) (equivalent to 335.22 million Special Drawing Rights, or SDRs) contains a lending level similar to that of 1998, including a price increase of 3%. The proposed Technical Assistance Grant (TAG) Programme is approximately USD 35.45 million, or 7.5% of the overall Programme of Work.
4. As in 1998, the Administrative Budget will show zero real growth. The 1999 Budget totals USD 55 366 000, including Contingency Items of USD 400 000. This total excludes an amount of USD 343 000, which management proposes be dealt with separately, i.e., the funding for the Consultation on IFAD's Future Financial Needs. As can be seen from Box 2, 1999 will represent the seventh consecutive year that no real increase has been made to the IFAD Administrative Budget.
5. In accordance with the Criteria for the Selection of Projects under Direct Supervision, and as indicated to Executive Board members, it is expected that by the end of 1998, 15 projects will have been approved, three in each of the regional divisions, and will be supervised directly by IFAD. For the purposes of consistency, budgetary coverage has been calculated for full project equivalents (FPEs), which are foreseen as at 1999 to be ten.
6. A time-bound task force has been created to oversee the development and implementation of a Corporate Year 2000 Compliance Programme to ensure that all IFAD systems comply with the relevant requirements. A separate information paper on this issue (document EB 98/65/INF.2) will be presented to the Sixty-Fifth Session of the Executive Board.
7. The year 1999 will see the completion of the activities outlined in the Human Resource Strategy implementation plan. The job competency review and workload study will have been completed by the end of 1998. A preliminary outline of these reviews and analyses and the details regarding the next stages in personnel and change management are provided in the following pages, together with the impact foreseen on budgetary allocations.
8. As previously advised to the Executive Board, the World Bank has indicated the need to increase its average costs in conjunction with a decision to increase the level of supervision of projects with the aim of improving quality and impact. IFAD's zero-growth budget limitation has not allowed the absorption of these increases and, notwithstanding intense negotiations with the World Bank, relocation of the majority of projects for which the World Bank charges IFAD for supervision to alternative cooperating institutions (CIs) has been inevitable.
9. As outlined in the Preview of the Programme of Work and Budget of IFAD for 1999, which was endorsed by the Executive Board, IFAD, in its efforts to streamline operations, is considering the introduction of a long-term investment decision tool called "capital budgeting", so as to identify



where planned expenditures will have returns that are expected to extend beyond one year. Given the nature of IFAD's activities, capital budgeting is currently intended to be used in the areas of computing and information technology to improve the efficiency and effectiveness of the Fund's long-term operations. A number of major areas have been identified, such as human resource management, payroll, resource mobilization, contributions management and accounts receivable as well as the loans and grants and treasury systems, in terms of integration with the rest of the financial system, and, as part of the capital-budgeting exercise, a feasibility study on the design, strategy and implementation of capital budgeting alternatives is planned during 1999.

10. It is to be noted that for ease of presentation, the document format has been slightly revised with Tables 4 through 9, Charts and Graphs, and Annexes inserted at the end of the document.

Box 1

Corporate Strategic Thrusts

- A. Support projects and programmes driven by beneficiary participation and implementation.
- B. Create an effective portfolio management system that ensures desired field-level results.
- C. Ensure an effective IFAD presence and impact at the field level by:
 - (a) maintaining a credible level of lending in real terms; and
 - (b) expanding IFAD's outreach.
- D. Establish and use knowledge networks on rural poverty in order to create a recognized knowledge network.
- E. Develop a human-resource and management system that supports accountability, teamwork and decentralized decision-making.

**II. STRATEGIC DIRECTIONS IN THE
1999 PROGRAMME OF WORK AND BUDGET**

**A. 1998 Corporate Strategy Implementation to Date
and the Effect on 1999**

11. IFAD's Corporate Strategy is articulated into five Strategic Thrusts, each subdivided into objectives with quantifiable annual targets for IFAD's organizational units. The Corporate Scorecard is the mechanism through which the achievement of annual targets is monitored.

12. In this first year of implementation, the institution has made excellent progress in achieving the targets that it set for itself in 1998. In fact, the current pace of achievement of the 1998 Corporate Scorecard objectives and targets makes it possible to forecast the successful implementation of the medium-term Corporate Strategy Thrusts. There are, however, two critical areas where additional



efforts will have to be made to achieve the medium-term goals that the Fund has outlined in the corporate strategy:

- (a) **ensuring participation of the poor** in project design and implementation. While action has been taken for improving participatory methods in 1998, carrying out this objective will require increased attention and additional resources; and
- (b) **improving IFAD's portfolio performance**, especially in terms of identifying problem projects and providing the necessary backstopping to put these projects back on track.

13. In terms of corporate objectives, other areas to which IFAD will need to devote increased attention in 1999 include:

- (a) **Assessing IFAD's future resource requirements.** Preparations, including studies, consultations and related logistics, as requested by the Governing Bodies, will be carried out;
- (b) **Mobilization of supplementary funds.** IFAD will continue its efforts to raise supplementary resources by maintaining relationships with existing donors, identifying potential new donors, analysing areas of strategic interest and how IFAD's mandate reflects evolving priorities;
- (c) **Partnerships with the private sector.** A framework for private-sector partnerships will be tested with a select number of private-sector networks and partners. These partnerships are being considered at project, corporate and along thematic and sectoral lines;
- (d) **Use of advanced information technology.** Where necessary, advanced management information systems will be adopted to increase the Fund's efficiency and enable it to better exchange information with its partners;
- (e) **The Global Mechanism initiative.** With the housing of the Global Mechanism and the recent appointment of its managing director, the Fund is looking forward to complementing planned resource development and operational efforts within the purview of the Convention to Combat Desertification (CCD).

Strategic Linkages/Cofinancing

14. IFAD continues to work on defining a strategic mix of operations to achieve its objective of becoming an established knowledge organization in rural poverty eradication. This implies a multitiered approach that includes: (i) the development of small-scale, innovative projects; (ii) participation in policy-oriented activities that help redefine important areas of intervention; and (iii) a renewed emphasis on attracting cofinancing to activities and projects that focus on combating rural poverty.

15. An example of support for innovative projects is the Electronic Network for Rural Asia/Pacific Projects (ENRAP), which connects IFAD's projects in Asia, CIs, IFAD headquarters and regional research institutions. The ENRAP will help strengthen project management, create local networks and thus help improve capacities and sustainability at the local level. In this manner, the needs of project managers and beneficiaries will eventually drive information and communication activities among projects, and between them and IFAD.

16. In defining policy-oriented issues, the recent Brainstorming Workshop on IFAD's Strategic Focus on Poverty became another element in the institution's drive to create a clearer strategic focus



for the future. Bringing together international academics and development practitioners from multilateral and bilateral donors and agencies, non-governmental organizations (NGOs) and research centres, the Fund is exchanging knowledge and experience on the nature of rural poverty and the challenges confronting the institution in combating it.

17. The Fund continues in its efforts to focus on increasing levels of cofinancing, both in terms of additional resources for IFAD-initiated projects and IFAD support for activities initiated by CIs. As of December 1998, IFAD expects to cofinance a total of five projects from the pipelines of other institutions and to attract cofinancing for a total of 18 IFAD-initiated projects. Efforts to increase cofinancing levels, in order to build closer partnerships and maximize operational impact will continue in 1999.

18. Sharing knowledge and expertise internally within the project development process is accomplished through an interdepartmental consultative process. A better articulation of country strategies continues. The concept of the Project Development Team (PDT) that brings together relevant expertise from all units has now been institutionalized and PDTs are active in the design and development of all projects.

B. Operational Strategy and Corporate Work Programme

Operational Strategy

19. The main elements of the Fund's operating strategy in 1999 will include:

- continuing the focus on well-defined poverty groups and gender awareness;
- cofinancing and strengthening efforts to mobilize resources in support of the poor;
- ensuring the participation of the poor;
- strengthening the focus on Africa;
- strengthening the information base on the poorest of the poor;
- strengthening portfolio management to increase impact on the poor;
- continuing the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI); and
- implementing the Flexible Lending Mechanism.

Plan of Continued Focus on Well-Defined Poverty Groups

20. IFAD projects in 1999 will continue to focus on the poorest of the poor, the landless and the near landless, marginal farmers, small-scale artisanal fishermen, indigenous populations, displaced groups and women. IFAD recognizes that poverty afflicts various groups differently, depending on the nature of evolving circumstances, both macro and micro. Emphasis will therefore be placed on the identification of the poor and their specific characteristics through field surveys in order to capture the changing boundaries and perceptions of poverty. Sharpening IFAD's focus on the poor in view of the changing dynamics of poverty will thus be the cornerstone of IFAD's operations. An inclusive strategy, within its mandate and resources, will enable IFAD to offer longer-term, sustainable poverty alternatives to the poor. The Corporate Scorecard for 1999 will ensure that all projects are designed to take gender issues into account and that women are increasingly present and active in project-related decision-making bodies.

Cofinancing - Mobilizing Additional Resources in Support of the Poor

21. The Fund will continue to stress the importance of cofinancing as a method of creating and enhancing strategic and operational linkages with other multilateral institutions in order to augment



the flow of resources to the poor. While recognizing the difficulties involved in raising cofinancing from bilateral and multilateral donors, the Fund will continue to select projects from the pipelines of CIs when suitable opportunities, in line with IFAD's mandate, are identified. A combination of programming approach, flexible lending operations and selective grant activities will be pursued to ensure that the targets regarding cofinancing and the scaling up of innovative IFAD projects are achieved.

Participation of the Poor in the Development and Implementation of Projects

22. IFAD's key thrust in 1999 will be its emphasis on sharpening methodologies for ensuring increased participation of the poor in the development and implementation of projects. This approach will follow a number of simultaneous tracks: (i) supporting policies and programmes of decentralization to the benefit of the poor; (ii) developing and instituting participatory monitoring systems, thus enabling IFAD to ensure the involvement of the poor in project design and implementation; (iii) ensuring the involvement of the poor in the decision-making process of projects; and (iv) building capacity and providing critical training so that the poor can effectively participate in articulating their needs and translating them into projects and components.

Focus on Africa

23. An important element of IFAD's operational strategy will be to increase its emphasis on the African continent in terms of its lending operations and project activities. Efforts will be made to restore the lending level in Africa in view of last year's slippage (in addition to the plans submitted to the Executive Board last year). This will require extra effort in terms of project-preparation activities and pipeline development in line with the critical needs of the regions. The grant programme will support activities towards developing a strong and responsive lending programme. Development of grass-roots institutions at the field level will also be required to ensure that these can effectively fill the gaps left by the state institutions that have pulled back.

Information Base on the Poor and IFAD's Project-Related Database

24. Development of quality projects and their successful implementation requires access to relevant and up-to-date information on IFAD's target groups and various implementation parameters. IFAD has already initiated a corporate database on aspects related to project portfolio management. The objective is to make on-line information available to authorized users on a real-time basis. This information will also be linked to the databases of CIs, so that up-to-date information on project status and its impact on the poor is available in order to take corrective action as and when required. The operating strategy in 1999 focuses on fine-tuning this database, with timely input of relevant data, and ensuring that its coverage and depth serve the stated objective and meet corporate requirements.

25. IFAD will also strengthen its effort to make information on rural development and poverty alleviation available to the poor and to development practitioners through further elaboration of this information network. The experience with Internet-based System of Information Exchange for IFAD Programmes throughout Latin America (FIDAMERICA) will be replicated in other regions and modern information technology and multimedia channels will be used to support this objective.

26. At the same time, the Fund will provide key information on the identified poor and make it available to a wide audience to increase awareness of the nature and causes of poverty, mobilize resources and encourage others to take action for rural poverty alleviation.



Project Portfolio Management

27. One of the primary objectives of IFAD's corporate strategy is to ensure that projects and programmes supported by IFAD have the desired field-level results. Accordingly, and in response to recommendations of the report of the Joint Review on Supervision Issues for IFAD-Financed Projects, IFAD is giving increased importance to the management of its portfolio. As a result, the portfolio review process is being intensified within the Fund and between IFAD and its CIs. The new process involves: assessing implementation progress and disbursement performance; detecting critical project-specific and generic problems; identifying remedial actions for follow-up in collaboration with CIs; and, finally, generating and managing knowledge from past performance for future project design. In this regard, a separate Progress Report on Project Implementation will be submitted to the Sixty-Sixth Session of the Executive Board. Training in the use of logframes will continue and, *inter alia*, will be used to define more focused performance indicators for project management and measurement of project results.

Heavily-Indebted Poor Countries Debt Initiative

28. To date, the Fund has committed itself to net present value (NPV) debt relief totalling USD 22.4 million for six countries (Bolivia, Burkina Faso, Côte d'Ivoire, Guyana, Mozambique and Uganda). Mali reached "decision point" in September 1998 and will be submitted for Executive Board decision in April 1999. Additional countries expected to come forward within the next two years could include: Chad, Ethiopia, Guinea, Guinea-Bissau, Mauritania, The Congo, Togo and Viet Nam. The first six HIPC DI interventions alone imply an estimated nominal debt relief for IFAD of SDR 3.8 million for 1998 and 1999, and SDR 4.0 million for 2000. The financial implications of additional HIPC DI initiatives will become known as the debt-sustainability assessments evolve and the Executive Board will be kept fully informed. These resources constitute assistance to the countries in addition to the regular programme of work. As a consequence of HIPC DI, future loan reflows will be reduced from the countries in question, thus implying the need for additional resources. The upper ceiling of the costs of IFAD's participation in HIPC DI was estimated at USD 60 million. The World Bank and International Monetary Fund (IMF) executive boards recently decided to extend the eligibility period from September 1998 until the end of 2000. In addition, discussions are ongoing that could result in: (a) broadening the outreach of HIPC DI to additional countries, including possibly post-conflict countries; and (b) deepening HIPC DI, by providing higher levels of debt relief. This could increase IFAD's corporate resource requirements. The Netherlands' complementary contribution to the Fourth Replenishment, equivalent to approximately USD 13.0 million, will assist the Fund in honouring its HIPC DI commitments, but more resources may be required.

Flexible Lending Mechanism

29. With the Executive Board approval of the Flexible Lending Mechanism (FLM) policy paper at the September 1998 Session, one FLM loan to Mali will be presented to the December 1998 Session for approval, with start-up foreseen in 1999. The overall objective of FLM is to increase flexibility in IFAD project design and implementation. It will match project time frames with the pursuit of long-term development objectives in instances where it is judged that an extended implementation period is more suitable to the attainment of those objectives. Key elements of FLM include: a longer loan period, 10-12 years, as opposed to the typical loan of 5-6 years, with clear articulation of long-term development objectives; an iterative and phased design process over this extended time period to permit greater flexibility in resource allocation and planning in the attainment of the long-term objectives; a detailed design process for the initial cycle of project



activities, with a set of clearly specified “trigger” conditions for proceeding to subsequent cycles; and an enhanced role for monitoring and evaluation (M&E) in ensuring that the project is on track in its pursuit of immediate and long-term objectives.

C. Resource Strategy

Plan of Action to Ensure Future Financial Needs

30. A number of interlinked initiatives are under way to help the Fund sharpen its cutting edge in an arena to which increasing numbers of new actors are attracted. These initiatives should contribute to maintaining and hopefully elevating the position of IFAD in receiving resources through development-assistance packages:

- the outcome of the Rapid External Assessment (REA), which confirmed the important role of IFAD in poverty alleviation;
- the adoption of the recommendations of REA to increase the impact of IFAD projects and extend the Fund’s outreach;
- the re-engineering process, growing out of internal dynamics, to increase the Fund’s competitiveness and cost-effectiveness in resource transfer to the local level and the poor; and
- the adoption of a series of policies for improved internal resource management.

31. In order to maintain the type of leadership and credibility that it has acquired in the realm of rural development and poverty eradication, and taking into account the evolving global circumstances and its own experience, the Fund is now reviewing what the future level and strategic pattern of its annual lending should be. This exercise is guided by three basic principles:

- enhancing the catalytic role that IFAD resources can play;
- sharpening the impact of its projects by systematic introduction of lessons learned; and
- maintaining its cost-effectiveness in resource transfer.

32. These principles, along with the relevant set of policies to be considered later by the Governing Bodies of the Fund, will determine the level of the Fund’s future financial needs. In other words, an objective and programme-driven target for the future resource base will replace the usual *ad hoc* levels, which were perceived as achievable under the previous replenishments. This target will be supported by the corporate strategy that articulates broad strategic goals and precise operational and management objectives.

33. Taking the above into consideration, steps should be taken to begin the process associated with the examination and securing of financial needs in a timely manner. A plan of action is to be formulated around the agreed target level, and will be based on the expectation that the new governance structure will save the Consultation from the frustrating hurdles experienced in the past. Consequently, a one-year negotiation period, beginning in February 1999, is proposed, which implies the formal establishment by the Governing Council of the Consultation during its Twenty-Second Session, on the basis of the recommendations of the Sixty-Fifth Session of the Executive Board. The First Consultation, to be convened just after the Governing Council in February 1999, will, however, decide on an appropriate timetable.



34. Prior to this, the President will also have held consultations with representatives of each of the three lists so as to be in a position to forward some ideas for the consideration of the Executive Board. Within IFAD, the President will be assisted by interdepartmental efforts that encompass all relevant organizational units. Efforts will be harmonized to ensure that all relevant capacities within the Fund are engaged.

Mobilization of Complementary Resources

35. Options for further developing IFAD resources to underpin its regular activities are being explored. These include the development of relationships with the private sector and the analysis of innovations to IFAD's liability structure. Private-sector collaboration will be pursued on the basis of a policy framework in support of current operations, with three main entry points:

- through IFAD's projects;
- through IFAD-managed thematic facilities (e.g., in collaboration with the Global Mechanism and the Popular Coalition); and
- on a corporate-wide basis.

36. In the short term, the highest returns will be gained through the **project approach**, which will rally resources that support IFAD's own thrust in given countries. As experience is gained, thematic facilities will receive increased attention and corporate link-ups can eventually be envisaged at a later stage.

- Private sector-IFAD linkages must be concluded, however, on the basis of a mutually beneficial partnership. Consequently, IFAD's added value to the private sector will directly determine the private sector's willingness to be associated with the Fund.
- Private-sector contributions can take a number of forms: financial resources; training (transfer-of-technology, maintenance, etc.); in-kind (equipment, machinery, etc.); management support (project office, project monitoring, etc.); knowledge management (information systems, telecommunications, etc.); upstream partnerships (provision of material inputs, etc.); downstream partnerships (processing, sales, marketing, etc.); and advocacy.

Partnership Development in Support of Poverty Eradication

37. In support of IFAD's mandate, the Fund will continue to support both the strengthening of existing partnerships and the development of new ones with diverse constituencies. These will include NGOs, civil-society groups, parliamentarians, private-sector groups and the media. Partnerships are seen as a means of: enhancing IFAD's effectiveness in operations; optimizing resource use and leveraging through advocacy efforts; increasing support for IFAD's corporate objectives; and maintaining government commitment to official development assistance.

38. The Fund's resource-development effort will be linked to and guided by a corporate communications and marketing strategy. This strategy will encompass media relations, partnership development and donor relations, in order to ensure that IFAD's core messages are communicated consistently and clearly to each major IFAD client category. It is also paramount that IFAD have access to advanced technology and the means for propagating its message and image. A specific



media strategy for the promotion of the future resource requirements and programme activities will be developed in line with IFAD's corporate objectives.

D. Other

Human Resources Action Plan

39. IFAD's approach to human resources and personnel management brought about far-reaching changes in 1997. Re-engineering efforts continued throughout 1998 and will continue through the years ahead with the aim of generating higher levels of cost-effectiveness, increasing accountability, developing teamwork, improving IFAD's outreach and strengthening it as a knowledge organization. Such efforts included the introduction of a new performance management system, a training programme based on support to the organization and division goals and the alignment of work and compensation through an IFAD-wide classification review. Managers have received coaching throughout this process. A team of consultants working with IFAD managers and staff on the human resources management strategy may complete, by the end of 1998, the workload study and job classification review of the organization. The workload study forms the foundation for the confirmation of staffing levels and equitable redistribution of work.

40. These achievements usher in new challenges for 1999 and future years, which IFAD will have to address for its human resource strategy is to take root. With this objective in mind, the Fund must focus on providing staff with tools to operate in the new environment from 1999.

41. In order to meet these challenges, three primary objectives will be addressed in 1999: (a) monitor and fine-tune the implementation of Human Resource Strategy initiatives undertaken in 1998; (b) provide a broader range of training and development opportunities for staff in support of the organization's goals; and (c) apply quality-management techniques to processes in order to identify, streamline and eliminate redundant procedures.

A Recognized Knowledge Organization

42. The common denominator of IFAD's evaluation and studies activities planned for 1999 remains the Corporate Strategic Thrust on knowledge generation and dissemination. The Programme of Work for 1999 will consolidate the previous achievements and continue to provide strong support to the regional divisions by:

- maintaining a high level of project, programme and country evaluations in order to generate field-based knowledge;
- deepening and conceptualizing further the knowledge already gained in the field, and, as a result, produce even more lessons learned and thematic evaluations;
- promoting exchanges of evaluation knowledge with our development partners and international financial institutions (IFIs), including the success stories of Learning From Each Other's Success (LEOS) that have a potential for replication and scaling up; and
- storing and disseminating evaluation knowledge through efficient means, such as the computerized Evaluation Knowledge System (EKSYST) and its Internet version (the IFAD VAL web site), publications, workshops and support missions.

43. The evaluation activities will enhance efficiency in project implementation by providing technical support to the programme divisions. IFAD will continue to develop methodological tools that permit better baseline assessments of the incidence and depth of poverty at project inception, and to monitor progress during implementation, which also comprises perceptions of beneficiary problems. Result-oriented M&E systems will be developed with a logical framework approach that is both dynamic and participatory.

III. REVIEW OF RESOURCES AND COMMITMENTS

44. **Commitment levels from 1993 to 1999.** The amounts of the loans and grants approved by the Executive Board for the period 1993 to 1998 and a proposal for the 1999 Programme of Work are presented in Table 1, while Table 2 shows projections of resources available up to the end of 2000.

TABLE 1
LOANS AND GRANTS APPROVED (EXCLUDING CANCELLATIONS) 1993-98
AND PROPOSAL FOR 1999

	1993	1994	1995	1996	1997	1998 Approved	1998 Projected	1999 Proposed
Number of loans	32	29	33	32	29	33	34	34
(SDR million, rounded)								
Total value of loans	264	243	261	275	288	312	309	310
Total value of grants ¹	17	12	15	19	23	24	24	25
Total value of loans and grants	281	255	276	294	311	336	333	335²

¹ For 1992-93, grants included Services to Member States, which were shifted to the Administrative Budget in 1994; from 1995 on, grants include the Project Development Fund (PDF).

² This is equivalent to the 1998 USD level adjusted for inflation by 3%, as described further in Table 3.

TABLE 2
IFAD RESOURCES VERSUS COMMITMENTS, 1997-2000
(SDR million)

	Actual 1997	Forecast 1998	Forecast 1999	Forecast 2000
Resources at the beginning of the year ¹	235	287	387	304
Loan cancellations and other adjustments ²	39	44	44	44
Subtotal	274	331	431	348
Members' Contributions				
Third Replenishment ³	12			
Fourth Replenishment ⁴	110	197		
Loan reflows	118	121	138	149
Investment income ⁵	121	109	109	109
Operating expenses ⁶	(37)	(38)	(39)	(41)
Resources after expenses	598	720	639	565
Commitments - loans and grants ⁶	(311)	(333)	(335)	(345)
Resources at the end of the year	287	387	304	220

¹ "Resources" are defined as being net of previous loan commitments and excluding Advance Commitment Authority.

² Loan cancellations are projected on the basis of past experience and expected project closures.

³ Members' contributions in 1997 relate to additional Third Replenishment contributions originally intended for release on the basis of a 3:1 proportion from the former Category I and Category III members. The condition for use of these funds was removed by the Twentieth Governing Council in February 1997.

⁴ The total amount of USD 419.6 million of the Fourth Replenishment is included, assuming that the full amount will be available for commitment by the end of 1998. It is the policy of IFAD to make loan and grant commitments only against actual payments in the form of cash or promissory notes.

⁵ Investment income on IFAD's investment portfolio is expected to yield 7% nominal return per annum in 1999 and 2000.

⁶ For operating expenses and Programme of Work allocations, close to full utilization is assumed for 1998.

IV. PROGRAMME OF WORK FOR 1999

45. As indicated to the Executive Board at its Sixty-Fourth Session in September 1998, the planned overall Programme of Work for 1999 is being maintained at the same real level as in 1998, adjusted for projected inflation (3%). This results in a proposed overall total of approximately USD 473 million, or approximately SDR 335 million, compared with an approved 1998 Programme of Work of USD 459 million, or approximately SDR 336 million.

46. Details on the overall planned 1999 Loan and Technical Assistance Grant (TAG) Programme are presented in Table 3. As will be recalled, the Programme of Work is approved by the Executive Board in Special Drawing Rights (SDR), but is traditionally planned in terms of United States dollars (USD) and the comparison between years is expressed on that basis in Table 3. The projected USD figures below have been converted into SDR using the latest available SDR/USD exchange rate of 15 October 1998 (SDR 1.00 = USD 1.41031).

TABLE 3
1998 APPROVED AND 1999 PROPOSED PROGRAMME OF WORK

	1998 (SDR million, at 1.36521 USD/SDR restated) ¹	1998 (USD million)	Price Increase (USD million)	Real Increase (Decrease) (USD million)	1999 Proposed (USD million)	1999 Proposed (SDR million, at 1.41031 USD/SDR) ¹
Loan Programme	312.4	426.5	12.80	(1.98)	437.32	310.09
Technical Assistance Grant Programme ¹	23.8	32.5	0.97	1.98	35.45	25.14
Total	336.2	459.0	13.77	0	472.77	335.23

A. Loan Programme

47. **1998 projected versus actual.** The 1998 lending programme included 33 projects for a total of SDR 312.4 million (USD 426.5 million) and an average loan size of SDR 9.5 million (USD 12.9 million). It is projected that a total of 31 projects will be approved by the end of 1998 for a total of approximately SDR 309 million (approximately USD 426.3 million). In view of the difficulties experienced in 1997, the lending allocation of Western and Central Africa (Africa I region) was reduced to SDR 42.48 million for seven projects (13.6% of the 1998 approved lending programme) and that of Eastern and Southern Africa (Africa II region) to SDR 60.65 million for seven projects (19.4%). However, the former seems to be in a position to secure a higher than originally anticipated lending programme with the same seven projects (as a result of higher overall average loan size). It is anticipated that Western and Central Africa's share of the actual 1998

¹ For 1999, the percentage of the TAG Programme to the overall Programme of Work is 7.5%. (The 1998 level was 7.08%).



lending programme will be approximately SDR 58.29 million (USD 80.87 million), or 18.9%. Overall lending to Africa is expected to represent approximately 37.1% of the 1998 expected lending for 13 projects, a marked improvement over the 1997 level of six projects including the grant to Rwanda.

48. **The 1999 lending programme.** In 1999, 34 projects are expected to be submitted for approval for a total of SDR 310.09 million (USD 437.3 million) and an average loan size of SDR 9.12 million (USD 12.9 million). In line with the information provided to the Executive Board in the context of the Revised Programme of Work and Budget of IFAD for 1997 (document EB 97/61/R.5/Add.1), some temporary upward adjustments are proposed in the 1999 lending targets for the Africa I and II Divisions, in an effort to restore their lending level in view of the difficulties encountered in 1997 (security and arrears problems in the case of Africa I and some policy and institutional issues in the case of Africa II). It is proposed that the lending share of each of these two divisions be 21.3%, which when combined, represents a total lending of 42.6%. This temporary upward trend will lead to some temporary adjustments in the other three regions. As previously indicated, these are considered to be temporary adjustments in regional lending targets, with the expectation that in 2000, IFAD will be able to revert to the lending structure approved by the Governing Council. So far, only a limited number of cooperating institution-initiated projects have been identified for 1999, remaining below the expected target. However, efforts are currently being exerted with a view to identifying suitable opportunities for joint collaboration in 1999.

B. Technical Assistance Grant Programme

49. **Support for the lending programme.** The Fund's TAG Programme includes: (a) grants in support of agricultural research and non-research activities; (b) project inception and development through the Project Development Fund (PDF); (c) the Special Operations Facility (SOF); (d) the Extended Cooperation Programme (ECP) in support of NGOs; and (e) environmental assessment. While remaining within the Executive Board ceiling of 7.5% of the overall Programme of Work, IFAD has experienced sharp increases in the demand for TAGs over the last few years. In order to strengthen the effectiveness of the grant programme as an important instrument for enhancing IFAD's lending programme within the framework of its corporate and regional strategies, IFAD has reviewed its current policy and practice in providing grants and, within this context, is developing future directions and strategy for the allocation of such resources. At its Sixty-Third Session, the Executive Board considered a paper on IFAD Policy and Strategy for Grant Financing and expressed the wish to have adequate time to develop a more informed response to it. In September 1998, an informal seminar was organized to discuss the above-mentioned paper and Board members provided valuable guidance for further study. A final paper that takes into consideration the previous comments of the Board will be presented to the Sixty-Sixth Session in April 1999.

50. Agricultural research and training grants are critical instruments for the development of innovative and effective means to eradicate rural poverty. They help to identify critical constraints on income-generation and food security among the rural poor; assist in the development of cost-effective solutions adoptable by IFAD's target group; and contribute to the dissemination of knowledge of those solutions among development practitioners and policy-makers, including civil-society institutions, government personnel and the development community. They represent a vehicle for collaboration among IFAD, centres of excellence and the rural poor, and allows IFAD to draw upon the expertise of other institutions — at all levels and in all sectors — to both expand its own understanding of poverty-eradication issues and contribute to the promotion of such understanding throughout the development community.



51. Funding is provided for research programmes that can reasonably be expected to yield findings and practical recommendations within a relatively short time frame; these programmes principally involve adaptive and applied, rather than basic, research. To satisfy this requirement, increasing emphasis will be placed on research by regional and national institutions and research by international institutions that are explicitly and concretely linked to the former. To this end, more strategic focus will be placed on research through the National Agricultural Research Systems (NARS) centres, to which an effective partnership between the Consultative Group on International Agricultural Research (CGIAR) and NARS can strongly contribute.

52. Increased focus will be placed on addressing issues arising from and providing support to projects funded by loans. Adequate attention will be given to priority areas forming the basis for prospective programmes of assistance of the Fund. Project-related issues of regional and international importance will be supported through grants to member institutions of CGIAR and other regional institutions of high repute. In 1999, it is proposed that the agricultural research TAGs remain within the 3.5% ceiling of the overall Programme of Work.

53. A series of regional consultations and workshops will be held on participation, gender, indigenous peoples, transitional economies and informal credit. In addition, workshops on financial administration of IFAD loans and grants will be continued: two workshops are planned in 1999 in those regions that were not covered by the previous workshops. The location will be decided upon after careful analysis and based upon the needs of project managers and administrators in the field. The need for a project financial system emerged from the recommendations of earlier workshops on loan and grant administration. When developed, the system will be introduced through four pilot projects and evaluated for effectiveness before wider implementation.

54. Training programmes will constitute an important element of the TAG Programme. Training will target institutions that have direct responsibility for project implementation and will centre on improving the use of existing resources and arrangements. These will involve, for instance, water support improvement in Africa, poverty-management skills development in Asia, support for rural financial institutions and participatory monitoring in South America, and gender concerns in rural development in the Near East and North Africa. In line with the lending strategies for the various regions, action-research activities will be pursued, along with the promotion of knowledge networks on specific themes closely linked to the Fund's operations. For example, a grant will be provided for the participatory research on rainfed agriculture in Asia. Meanwhile, regional consultations and workshops will be held on themes such as the cassava strategy, indigenous peoples and project implementation.

55. Provision is made to provide a grant to the CCD Support Facility to the Global Mechanism, subject to the finalization of the Memorandum of Understanding between IFAD and the Conference of Parties. It is expected that this contribution will catalyse voluntary contributions from other sources into the facility.

56. The 1999 TAG Programme is proposed at a level of SDR 25.14 million (USD 35.45 million), thus reaching 7.5% of the overall Programme of Work, which is the TAG Programme ceiling established by the Executive Board. Details on grant activities planned for 1999 compared with the 1998 approved level are provided in Table 3A below.

57. **Project Development Fund (PDF).** As indicated in Table 3A, an allocation of USD 8.77 million will be made available under PDF for the formulation of approximately 27.9 FPEs. IFAD will ensure that more of the required technical design work is completed at the project formulation stage. A portion of the resources will continue to be used to undertake country portfolio reviews, strategy development and design and development of technical assistance grants. The PDF

allocation proposed for 1999 is higher than that provided for in the 1998 Programme of Work and Budget. Details regarding regional activities for project development in 1999 are provided in Annex I.

58. **IFAD/NGO Extended Cooperation Programme (ECP).** The ECP continues to play a key role in strengthening IFAD's partnership with NGOs in the field of poverty alleviation. In fulfilling its traditional role of undertaking pilot test activities, the ECP is expected to be linked more closely with IFAD's lending operations, so that support provided under the ECP can better serve the purpose of breaking ground for potential IFAD activities. While IFAD will continue to collaborate with the NGO community as a whole under the ECP, it is likely that increased attention will be given to supporting pilot activities initiated by local NGOs. This focus may contribute to local capacity-building and participation in the long run.

TABLE 3A
APPROVED 1998 AND PROPOSED 1999 TAG PROGRAMME
(USD million)

	1998		1999	
	Approved (USD million) ¹	% of Overall TAG Programme	Proposed (USD million)	% of Overall TAG Programme
Agricultural research	8.50	26.19	8.51	24.01
Other research, training and other	9.14	28.17	13.67	38.56
Project Development Fund (PDF)	7.88	24.28	8.77	24.74
IFAD/NGO Extended Cooperation Programme (ECP)	2.53	7.79	2.35	6.62
Environmental assessment	0.40	1.23	0.40	1.13
Special Operations Facility (SOF)	2.11	6.48	1.75	4.94
Special activities	1.90	5.86	-	-
Total	32.46	100.00	35.45	100.00

59. **Environmental assessment.** The amount of USD 400 000 has been allocated for environmental assessments, in line with IFAD's policy in this area. It is to be noted that specific environmental sustainability assessment is an integral part of the issues considered during project development.

60. **Special Operations Facility (SOF).** The 1999 proposal for SOF grants is USD 1.75 million, lower than the amount provided in 1998. These grants provide for the costs of project start-up and early implementation support activities, which ultimately contribute to a high impact lending programme.

¹ Revised pursuant to document EB 97/61/R.5.

V. THE MAJOR ISSUES AFFECTING THE 1999 BUDGET

61. The major policy issues affecting the 1999 Budget were previewed to the Executive Board in September 1998. For the most part, they reflect the measures that will be undertaken to implement the corporate and operational strategies.

A. The World Bank's Supervision Costs

62. An IFAD mission headed by the Vice President visited the World Bank in October 1998 to discuss the World Bank's supervision costs and commence arrangements for relocating a large part of IFAD's portfolio to the custody of other CIs. (An information note with the background and detailed information on this subject will be tabled during the Sixty-Fifth Session of the Executive Board.) A limited number of projects, however, will have to remain with the World Bank until their completion. These include projects closing by the end of 1999 for which any relocation would interrupt their smooth functioning. The World Bank will continue to supervise a few other projects for technical reasons. For these reasons, it is planned that 8.7 FPEs will remain with the World Bank which, according to the latest figures provided, will represent, at approximately USD 120 000 per FPE, an increase of approximately 266% over the 1998 FPE cost. For this purpose, a sum of USD 640 000 has been added to the Budget for these extraordinary price increases, to absorb the cost increase due to external factors that are beyond IFAD's control.

B. 1999 Up-Front Costs Relating to Re-Engineering

63. The sum of USD 1.15 million has been provided for up-front, one-off costs required for implementation of the next set of recommendations of IFAD management. Details on the amounts recommended for the various activities are provided in the next table.



	1998 Budget (at 1 788 ITL/USD)	1998 Budget restated (at 1 734 ITL/USD)	Real Increase (Decrease)	1999 Budget (at 1 734 ITL/USD)
Information systems development	724	724	(129)	595
Information Security Programme	0	0	55	55
Year 2000 Compliance Programme	0	0	200	200
Migration to 32-bit Computing Environment	0	0	228	228
Technical Environment of IFAD Intranet	0	0	70	70
Information systems - FIS implementation	624	624	(582)	42
Information systems development - HR	100	100	(100)	0
Special legal professional assistance - direct supervision	0	0	28	28
Special professional assistance for investigation services	0	0	80	80
Separation and placement issues	0	0	350	350
Human resource assessment	450	450	(390)	60
Communications campaign to support future resource consultations			40	40
Total	1 174	1 174	(21)	1 153

(i) **Information Systems Development**

64. An amount of USD 595 000 has been included for 1999 to cover up-front investment costs relating to systems development in the following areas of information management:

- (a) **Information Security Programme.** The Fund faces a continuing growth in the use of information technology (IT) by staff at all levels and has an increasing reliance on information systems to support its core operations. This situation calls for the appropriate funding of resources to ensure that all information assets are adequately protected and that critical information systems are available under all circumstances. To this effect, the duties and responsibilities of one existing position have been redefined, thus establishing the function of IT Security Officer. The programme of work of this new function requires some limited initial investment in 1999 for the acquisition of specialized security software and expert assistance for the timely implementation of the most urgent measures. For this purpose, a total amount of USD 55 000 is proposed in 1999, noting that a similar level of investment will likely be required in the following year to complete the basic programme.
- (b) **Year 2000 Compliance Programme.** As indicated in the Preview of the Programme of Work and Budget of IFAD for 1999, IFAD identified in 1997 the need to modify the personnel and payroll system to face the “year 2000



compliance” problem due to the obsolescence of “Millennium”, the main-frame development and operating environment on which the system is based. Subsequently, IFAD identified the need to extend the scope of the year 2000-related activities beyond the IT boundaries and the President decided to establish a time-bound task-force to oversee the development and implementation of a Corporate Year 2000 Compliance Programme. More information about this programme is given in the relevant information document. An amount of USD 200 000 has been included to cover the costs for the implementation of the Corporate Year 2000 Programme. This amount includes USD 100 000 for one-time activities to review all relevant business aspects and to ensure the compliance of IFAD’s counterparts, and USD 100 000 for the 1999 portion of the costs for the development, testing and implementation of the necessary changes to the personnel and payroll computer system. The estimated cost of the system changes is USD 185 000, of which USD 85 000 has been covered for in 1998 in order to initiate the project as early as possible.

- (c) **Migration to 32-bit Computing Environment.** There is a strong, expressed demand from user divisions to upgrade IFAD’s suite of office productivity tools to the current release. An amount of USD 227 600 is included for the one-time costs related to the acquisition of the licenses of the current release of Microsoft Office 97/98. It should be noted that the lease of adequate personal computers, a prerequisite for the installation of the required 32-bit operating system software, is part of the ongoing cost of maintaining the technical infrastructure, and is funded under Headquarters Expenses - Computer Services.
- (d) **Technical Environment of IFAD Intranet.** The expansion of IFAD’s corporate web site is required if the initial implementation of static pages is to evolve to dynamic web pages, which give access on-demand to various database applications. Similarly, a number of requests for more flexible access to corporate information will be addressed through a combination of web-based query tools through IFAD Intranet. An amount of USD 70 000 is included in the budget to expand the relevant infrastructure by acquiring and installing web authoring and deployment tools and web site management tools.
- (e) **Information systems - FIS implementation.** One-time costs of USD 42 000 are provided in 1999 to cover costs related to implementation, roll-out to users and training on the new financial information system, FIS2.

(ii) **Special Legal Professional Assistance - Direct Supervision**

65. The request for four additional months of short-term professional assistance in the Office of the General Counsel relates to IFAD’s direct supervision of projects. The experience drawn from two 1998 projects shows a need for legal involvement, specifically in procurement issues, an overall rules and procedures system, and regulating and clarifying different relationships with the United Nations Office for Project Services (UNOPS). A substantial amount of work, including participation in the Task Force Committee and analysing the rules applicable, was undertaken in 1998. Much remains to be done in 1999. It was also demonstrated that the Office of the General Counsel’s participation in supervision missions is increasingly needed for directly supervised projects. An amount of USD 28 000 is provided here.

(iii) Special Professional Assistance for Investigation Services

66. The need for such services is unpredictable and is of a non-recurring nature. Should a case arise, then funds must be identified and released quickly so that immediate action may be undertaken. The allocation of USD 80 000 provides a ready funding source for investigation-related expenses in 1999 and covers any unexpected costs of ongoing cases.

(iv) Separation and Placement Issues

67. Combined with the advent of the IFAD performance management system, job competencies have been identified, skills for the diverse job requirements within the organization have been concretely reviewed and a workload study has been undertaken. As a fall-out of these reviews and analyses, and in order to satisfy the priorities of the organization, redeployment and separation may be expected. A first course of action will attempt to keep concerned staff in their present posts and provide them with appropriate training to enable them to match their skills and performance to those required for the post. If this is not possible, the next step will be to determine whether, through training and coaching, the staff will be able to carry out the functions of another job, either within the division, the department or in another department. These two courses of action may mean a significant training investment for a number of the staff. In cases where both courses fail, it will mean separating those concerned from service. IFAD will endeavour to provide counselling and support measures to redeployed staff, which will include training to update skills for career transition, assistance in dealing with the impact of these changes and assistance in searching for a job within the organization. In order to facilitate this process, some up-front budgetary allocations are necessary.

(v) Human Resource Assessment

68. During 1999, the Human Resources Management Strategy Team will complete the activities as outlined in the implementation plan in 1998. A provision of USD 60 000 is included for this in 1999.

(vi) Communications Campaign to Support Future Resource Consultations

69. In 1999, IFAD's information and communications strategy will focus much more on promoting IFAD's corporate identity through a clearer and more coordinated marketing strategy. The strategy will entail: the development of key messages that express IFAD's core values, strategy and objectives; the production of briefing materials and other communications tools targeted to IFAD's distinct stakeholders; and the dissemination of information on IFAD experiences and best practices, knowledge of poverty-eradication processes and future priorities through different means. These include print, internet-based communications and audio-visual forms. An integrated approach will be taken in the development of content of the messages addressed to the various stakeholders. This will ensure that the results of recent studies of IFAD project-effectiveness and impact, regional priorities and lending strategies, and emerging concerns with current poverty trends (related to, among others, regional and global economic trends) are properly reflected and balanced.

C. Consultation on IFAD's Future Financial Needs

70. As indicated to the Executive Board in the Preview of the Programme of Work and Budget of 1999, IFAD anticipates beginning future resource requirement negotiations during 1999. For this purpose, a series of consultation meetings are envisaged, together with a necessary provision for one-time costs relating to these meetings. The level of this provision will depend upon the timing, length

and frequency of the meetings. It is expected that the timetable will be agreed upon by the Twenty-Second Governing Council. In an effort to minimize costs, it is proposed that these meetings be held, wherever possible, in conjunction with Executive Board meetings. A figure of USD 343 000 is provided to this end.

VI. THE 1999 BUDGET

Box 2	
Administrative Budget¹	
Seven Years at a Glance: Real Increase (Decrease) Over Previous Year (%)	
1993	(2.16)
1994	(13.00)
1995	(3.60)
1996	(8.08)
* 1997	0
1998	(0.26)
** 1999	(0.04)

* Excluding Early Retirement Programme.

** Excluding Consultations on Future Financial Needs.

71. The total 1998 Budget approved at the Twenty-First Governing Council (at the then prevailing rate of ITL 1 788 = USD 1.00) was USD 51 537 000, including Contingency Items of USD 400 000. This level has been adjusted to USD 51 937 000 for the 1998 portion (USD 400 000) related to the supplement of USD 1 million approved by the Governors through a vote by correspondence recommended by the Executive Board, on the International Labour Organisation Administrative Tribunal (ILOAT) decision regarding General Service salary levels. The 1999 Budget, including Contingency Items of USD 400 000, but excluding a provision of costs for Consultations on IFAD's Future Financial Needs, is proposed at USD 55 366 000.

72. A summary of the expenditure for all 1999 Budget categories as well as a comparison with 1998 approved levels can be found in Table 4. The 1998 allocations have been restated using the latest projected average ITL/USD exchange rate for 1998 (ITL 1 734 = USD 1.00) for comparison purposes. As indicated to the Sixty-Third Session of the Executive Board, when the Budget is presented to the Twenty-Second Session of the Governing Council, a restatement of ITL/USD as well as EURO/USD may be necessary. Current 1998 projections envisage full utilization of each of the budget headings as well as utilization of most of the contingency funds for the retroactive United Nations Joint Staff Pension Fund (UNJSPF) contributions of long-term temporary staff (LTT), as authorized by the Sixty-Fourth Session of the Executive Board.

¹ As published in each year's budget document.

73. Table 4 also shows the projected expenditure levels for 1998. As may be noted, overall projected 1998 expenses are expected to be in line with the approved 1998 level in all categories, including the contingency described below.

74. Since no move to a new headquarters building is foreseen in 1998, no expenditure will be incurred under the Contingency Item for expenses on the new facility. As authorized by the Executive Board at its Sixty-Fourth Session, however, the contingency funds were reallocated to cover retroactive UNJSPF contributions of the LTTs on the understanding that partial or full utilization would only be made in the event that sufficient savings under Staff Costs do not materialize during 1998. Consequently, at the time of preparation of this document, full utilization is projected.

75. As in previous years, the proposed 1999 Budget estimates have been calculated using appropriate factors for each type of expenditure and basing projections upon current trends and past years' experience.

76. To the greatest extent possible, the estimated specific price and cost increases take into account all known factors, such as movement in indexes, announced price increases in supervision and loan administration charges of CIs, suppliers and utilities, negotiated contracts and other factors that influence costs, including those incurred outside the headquarters location. The main elements are the following:

- (a) unless otherwise specified, a general inflation rate of 2.3% has been applied to all Rome-based expenses based on the projected average Italian inflation rate for 1999;
- (b) the salary increases for Professional and General Service staff have been estimated using the factors outlined below. All are based on the United Nations Common System and, as in the past, have been calculated in close collaboration with the lead UN agency in Rome (FAO), taking into account any pending recommendations of the International Civil Service Commission (ICSC). These ratios vary from year to year and, accordingly, represent the best estimates of what will be formally introduced in the UN Common System during 1999:
 - (i) approximately 2.5% on salaries and post adjustments to cover the annual/biennial within-grade step increases and expected movements in grade;
 - (ii) a 3% cost-of-living increase for the General Service staff, effective 1 November 1999;
 - (iii) a provision of 1.65% for anticipated movement in the post-adjustment scale for Professional staff as from March 1999;
 - (iv) a 3% increase in pensionable remuneration for the Professional category as from November 1999;
 - (v) an expected 5% increase in medical plan contributions and after-service medical costs as from January 1999;



- (vi) as required by UN Common System practice, repatriation and separation payments are updated to the latest salary level of staff in service. As in past years, this benefit is calculated at 6.5% of net base salaries for Professional staff and 12% for General Service staff and is proportionate to the increases provided for salaries;
- (vii) a weighted increase of approximately 4% for airfares and 2% for the Daily Subsistence Allowance (DSA) applicable to Rome and 3% for other capitals worldwide.

77. The projected cooperating institution charges for supervision and loan administration of IFAD projects reflect increases that have been communicated, as well as estimated increases (4%) for which confirmation had not yet been received when preparing this document.

78. The individual categories of the Administrative Budget are discussed in further detail in this section, with an explanation where variances are significant. Annex IV to this document provides estimates of the 1999 Budget analysis by organizational department and division.

A. Governing Bodies and Other Official Meetings

79. The costs of the Twenty-Third Session of the Governing Council, three Sessions of the Executive Board, three one-day meetings of the Evaluation Committee and four meetings of the Audit Committee planned during 1999 are detailed in Table 5. There is a real overall reduction of USD 17 000 under this Budget category even though there has been an increase in translation costs for the Audit Committee. The savings arise mainly in the area of Executive Board meetings and are realized primarily through savings related to the reduced hiring of non-local translation staff, a more efficient flow of documentation and the increased use of remote translation. The overall proposed 1999 allocation includes a provision for price increases of USD 76 000 to cover possible changes in the remuneration rates of conference staff, Rome DSA and travel costs.

B. Staff Costs

80. As previously indicated to the Executive Board, the Human Resources Management Strategy (HRMS) Team is carrying out a review of the overall staffing needs of the organization and has completed the job classification review. Preliminary results indicate that there are six staff members currently classified under the General Service category who are carrying out Professional functions. This situation has arisen over the years as organizational and operational activities have evolved with the assignment of additional duties to the staff positions concerned. It is therefore recommended that these be converted to the Professional category. Any minimal costs associated with the conversion of the six posts from General Service to the Professional category will be absorbed though savings engendered by recruiting staff against vacant posts at grades lower than those assigned to former incumbents.

81. As shown in Table 6, the total projected 1999 Staff Costs are USD 27 834 000. This includes normal expected price increases of USD 1 033 000 in accordance with paragraph 76(b) above, as well as an overall increase of USD 123 000 which is explained below.

82. Table 6A reflects the expected grade changes in the staffing table. Overall staffing numbers are being maintained at the 1998 level. The figures therein may have to be changed once the HRMS Team has completed its workload study throughout the organization. Other key items are as follows:

- (a) **Salaries and post adjustment.** For Professional staff, provisions totalling USD 220 000 are made for within-grade step increases and an increase in the post-adjustment scale, in accordance with paragraph 76(b)(i) and (iii). For General Service staff, the provision for salary-scale increases and a portion of the biennial within-grade step increase is USD 291 000. These price increases total USD 511 000, equivalent to an increase of approximately 3%.
- (b) **Education grants and other allowances** The price increase of USD 44 000 relates to the projected increases for education grant allowances, in accordance with the new ceiling increase proposed from 1 January 1999, as well as for dependency allowances for both categories of staff effective on the same date.
- (c) (i) **Pension and medical plan contributions.** The real increase of USD 89 000 is due to an increase in the number of participants in the medical and After-Service Medical Coverage (ASMC). A 3% increase in the scale of pensionable remuneration is expected to be effective as of November 1998, and a similar increase is projected for November 1999 for both staff categories.
- (ii) **Impact of After-Service Medical Coverage.** It was brought to the attention of the Twenty-First Session of the Governing Council (document GC 21/L.5) that the current multi-employer ASMC (FAO, World Food Programme (WFP), IFAD, etc.), which operates on a pay-as-you-go basis, is unsustainable over the long term due to demographic changes and escalating medical costs. An actuary engaged by FAO determined that there was an unfunded cumulative liability for active staff and retirees of USD 212.5 million, of which IFAD's share would be USD 10.8 million as of the end of 1996. The actuary updated the estimate to 31 December 1997, resulting in an unfunded liability of USD 229 million, of which IFAD's share was calculated as USD 12.9 million. These are preliminary figures and IFAD and other Rome-based UN agencies are following up with FAO to agree on their share of the unfunded liability. IFAD plans to present the outcome of its discussion with FAO and the recommended funding proposal to the December 1998 Audit Committee, as part of its review of the Adequacy of the General Reserve of IFAD. Meanwhile, it is proposed that the full provision should continue to be made for annual service costs in line with the decision made by the Executive Board. The incremental annual cost of ASMC, on the basis of estimated figures supplied by FAO, amounts to USD 517 000.
- (iii) **Compensation for injury, illness or death of staff members.** In accordance with the Personnel Policies Manual, IFAD provides insurance coverage for its staff for compensation in the event of injury, illness or death. Several recent large claims have induced the underwriters to review the profitability of the policy. Initial figures received indicate a possible 20% increase in premiums for 1999. Management is presently studying a report which outlines possible cost-saving alternatives.

The resulting total anticipated price increase amounts to USD 350 000 and includes the estimated provision for price increase for the medical plan and insurance contributions.



- (d) and (e) **Home leave, repatriation and separation payments.** Price increases reflect an increase in airfares for home leave of USD 13 000; those for repatriation and separation of Professional and General Service staff total USD 37 000. The slight decrease of USD 17 000 brings the total 1999 proposed amount to USD 315 000 for home leave and USD 1 442 000 for repatriation and separation payments.
- (f) **Relocation and recruitment.** As can be seen from the graphs, the rate of staff turnover in the Professional category during the period 1993-1997 was relatively stable, averaging seven cases per year. In 1998, the number of separations from service due either to retirement or resignation totalled 14, of which 50% were unforeseen resignations. Due to the lack of budgetary provisions to recruit against the vacancies flowing from these unforeseen separations in 1998, recruitment against those vacancies has been deferred to 1999. Thus, recruitment and relocation costs will significantly increase in 1999. The total relocation allocation has been increased by USD 73 000. Price increases of USD 14 000 reflect the inflation increase for appointment and interview travel, removal of household goods and the Rome DSA increase, which impacts both the interview travel and the appointment costs of Professional staff.
- (g) **Temporary staff.** As mentioned previously, a review of the long-term temporary staff has been carried out within the organization. There is a real decrease of USD 13 000 and with price increases of USD 44 000 the total becomes USD 1 102 000.
- (h) **Overtime.** The 1998 allocation is slightly reduced by USD 9 000. With a price increase of USD 7 000, it totals USD 226 000 for 1999.
- (i) **Training.** The total amount proposed for 1999 is USD 439 000, which includes expected price increases of USD 13 000. During 1998, the Fund invested in staff training in the following areas: management development workshops; performance management; language, writing and editing skills; educational assistance grants; Project Management Department-related training, such as project supervision, participatory project design and portfolio management; and various training courses for General Service staff in relevant and economic issues. In addition, staff received training identified through the Individual Performance System (IPS) submissions. As a result of the training activities and rigorous needs analyses conducted during 1998, a training programme has been developed for 1999 that focuses on supporting change in the management culture and developing staff skills. A Training and Development Advisory Committee was established in June 1998 to ensure representation from each department in confirming training needs identified through IPS, identifying new staff development needs and developing strategies. During 1999, the Fund will be building on the foundation and systems put in place earlier. Whereas there was a heavy reliance in the past on external consultants, IFAD continues to strengthen its internal capacity in human resource and staff development expertise. It should be noted that development activities to support change in management culture require long-term training. Each year, modules will be introduced that build upon previous experience. For this reason, some training activities will continue to form part of the training programme over the next three to five years. The 1999 training programme will focus on two main areas:



- (i) **Training to support change.** The first area of human resources training supports changes in management culture. Although there will be a variety of interventions specific to group needs, there are common elements in each to ensure that the management culture being introduced throughout the organization is consistent. These include understanding individuals and cultures, problem solving, communications skills, quality management and customer service.
 - (a) **Management and supervisory skills workshops.** These are intended to support staff who did not participate in the 1998 Management Development Workshops. A series of workshops will be designed to address the needs of those staff who manage external and internal staff and clients.
 - (b) **Team-building workshops.** Begun in 1998 as part of the Human Resources Management Programme, they have proven to be a very effective method for staff and managers of each organizational unit to meet and discuss issues affecting them and their unit. It is an opportunity to extend management skills to the staff at all levels and is considered fundamental for sustainable change.
 - (c) **Performance management.** During 1998, a new IPS was implemented for the entire organization. The Fund will conduct an annual assessment from December 1998 through March 1999, along with a series of orientation sessions to support managers in the implementation of this final stage of the IPS, including the management review process and writing performance appraisals.
 - (d) **Knowledge management and experience exchanges.** The activities proposed in this area support internal dissemination of knowledge and experience. The initiative taps internal resources to capture knowledge and share it through presentations and computer-based orientation sessions. Costs are related to staff training (e.g., to train-the-trainer and presentation skills), and the design and technical development of orientation programmes on IFAD's operational policies and procedures, rural development issues, etc.
 - (e) **Resource mobilization and advocacy management.** In support of the resource mobilization strategy, funds have been reserved for staff development related to resource mobilization and advocacy management.
- (ii) **Training to enhance staff technical skills.** The second major area addresses training to enhance staff technical skills. The following training activities, which were identified as part of the 1998 IPS process, may be updated with those stemming from the 1999 IPS:
 - (a) **Technical skills training.** This includes accounting, financial, administration, and economics foundation courses, work planning, organization skills and time management, loan disbursement and servicing policies, publication processes and inventory management,



etc. The skills-development needs will be addressed through a variety of learning techniques, including self-learning packages, coaching, internal workshops and classes, and external training courses.

- (b) **Project Management Department-related training.** As a continuation of 1998 activities, funding will be provided for participatory project design, portfolio management, procurement and direct project supervision.
- (c) **Risk management** continues as part of the 1998 activities.
- (d) **Writing and editing skills, language classes and education assistance grants** are ongoing activities for the organization.

C. Payments for Appraisal, Supervision and Evaluation

83. Table 7 provides the 1999 projected costs which total USD 14 914 000.

Appraisal and Related Costs

84. It is proposed that IFAD undertake 33 full appraisal equivalents in 1999. This represents an increase of one additional full appraisal equivalent over the 1998 level. While regional divisions are currently exerting efforts to contain the overall average appraisal cost by ensuring that most of the technical design work is finalized during the project formulation stage through PDF, the level of appraisal resources has been determined after taking into account: (a) the number of projects proposed for submission to the Executive Board during 1999, including a small reserve of projects to allow for unforeseeable slippage as has occurred in the past; and (b) the need to begin appraisal work for projects planned for submission to the April Board of 2000, thus allowing a better spread of projects for presentation to the Board.

85. Contacts are currently being established with various IFIs (e.g., the World Bank, the African Development Bank (AfDB), etc.) to identify suitable projects for cofinancing by IFAD. Therefore, the final number will depend on the outcome of these consultations. The total proposed allocation of USD 1 990 000 includes a slight real decrease of USD 6 000 and price increases of USD 52 000.

Supervision and Related Costs

86. At its Twentieth Session in February 1997, the Governing Council adopted Resolution 102/XX on Loan Administration and Supervision of Project Implementation for IFAD-funded projects and a plan of action. Subsequently, a Task Force for the Implementation of a Time-Bound Action Plan for Recommendations 1 through 5 of the Report of the Joint Review on Supervision Issues for IFAD-Financed Projects was set up to examine the related issues, including the financial implications. To this end, a workshop was convened with IFAD's CIs on 13 February 1998, to provide a forum for reflecting on ways of strengthening the supervision process in response to the goals articulated in IFAD's major strategic thrusts.

87. The above task force completed the format of a new letter of appointment that defines the detailed functions and requirements for contracting out loan administration of directly supervised projects. The task force is also fine-tuning direct supervision guidelines for directly supervised projects. On the cost side, however, the signals received thus far from various CIs clearly indicate



that reductions are not feasible. The AfDB and the West African Development Bank (BOAD) have indicated their need to increase annual average costs. IFAD was recently informed of the World Bank's policy to apply a "uniform costing system" to all services, both internal and external, which represents a significant cost increase. In addition to the cost issue, the World Bank has indicated the need to increase the level of supervision of projects in response to a concerted effort to improve the quality of implementation and overall impact. This will no doubt put an enormous strain on IFAD's budgetary resources, particularly at a time when the objective of maintaining zero real growth is sought. As provided in paragraph 62, a separate information note will be tabled with the details.

88. Moreover, efforts are being made to contain, to the extent possible, the portfolio size (in terms of FPEs) by rigorously examining proposals for loan extensions within the context of IFAD's Policy Framework for Defining Project Implementation Periods and Extensions of Loan Closing Dates (document EB 97/61/R.10). Of the 24 projects expected to close in 1998, 14 have already done so and ten are expected to close before the end of the year. Two IFAD-financed projects in Bangladesh were extended with the objective of assisting the country, as long standing flooding has dramatically affected the rural poor. However, IFAD appears to be on the right track in terms of containing the size of the portfolio. It is estimated that resources will be required for approximately 204.18 FPEs. By the end of 1998, it is expected that the Executive Board will have approved the projects to be directly supervised by IFAD. Six projects have been approved thus far and the Executive Board is expected to approve another nine at its Sixty-Fifth Session. The need to provide adequate budgetary provision (in terms of FPEs) stems from the fact that work towards meeting conditions of effectiveness and expeditious project start-up will become of overriding importance. Part of the budgetary provision will also be provided to cover the loan administration and procurement services to be rendered by UNOPS for 14 pilot direct supervision projects (a comprehensive annual fee of USD 12 000 to cover each project under supervision). One project will be administered by the Arab Fund for Economic and Social Development (AFESD).

89. **Audits of loans and grants initiated by IFAD.** As reflected in the Preview of the Programme of Work and Budget of IFAD for 1999, it is proposed that audits of certain projects and grants be initiated and undertaken from time to time by IFAD if covenants in loan or grant agreements are not adhered to. Such interventions, which constitute an integral part of IFAD's control over the proper use of its funds, may sometimes be paid directly by the Fund. In light of general problems in terms of timely delivery of audit reports on the part of borrowers and recipients, IFAD has found it appropriate to introduce the possibility, in the revised General Conditions, that a special auditor may be called upon to conduct the auditing of a project. This possibility may also be used if there is a suspicion of misuse of funds. The expected costs of these activities in 1999 is shown separately under the heading, Audit of Loans and Grants Initiated by IFAD, within the Payments for Appraisal, Supervision and Evaluation category. Approximately half of the USD 45 000 will be used by the Office of Internal Audit to fund its 1999 programme of audits of grants, focusing on grant activities that are not audited by external auditors. The remainder of the allocation will be used for special audits of project activities. Such interventions will be initiated in exceptional circumstances by the Programme Management Department and will be performed in coordination with the Controller's Office, the Office of Internal Audit, the cooperating institution and the borrower.

90. **Follow-up by IFAD** in 1999 will decrease marginally over 1998 and will be used to: (a) underpin the new strategic emphasis on implementation and portfolio management; and (b) ensure the agreed-on strategic thrust concerning implementation and portfolio management. For the Latin America and the Caribbean (PL) and Near East and North Africa (PN) Divisions, this is especially necessary since only very few countries have had access to SOF in spite of early implementation problems in the regions. The Africa I (PA) and Africa II (PF) Divisions will benefit from significant levels of both SOF and follow-up by IFAD. The total allocation, inclusive of price increases of USD 27 000, is proposed at USD 1 120 000.

91. **Supervision of TAGs.** To maintain participation in the area of grant-portfolio management, a figure of USD 187 000 has been proposed for 1999 to accommodate the supervision of active and new grants.

Staff Travel

92. **Appraisal and IFAD follow-up.** Further resources will be made available for staff travel to permit greater staff involvement in IFAD appraisal, follow-up, implementation support and portfolio management, which will require a stronger staff presence in the field. It is anticipated that some efficiencies will be achieved through the use of non-endorseable airfares. Thus, a slight real decrease of USD 26 000, with price increases of USD 35 000, brings the proposed 1999 allocation to USD 1 059 000.

93. **Direct supervision.** In contrast, as the number of projects under IFAD direct supervision is increasing, the proposed allocation for 1999 has been increased to USD 78 000.

Evaluation and Studies

94. Details on the activities planned in this area for 1999 can be found in Table 7A.

D. Office and General Expenses

95. Details for Office and General Expenses are shown in Table 8. As in previous years, this heading includes Headquarters Expenses, Professional Services and Miscellaneous expenditures. Further information is provided below.

(a) Headquarters Expenses

96. Expenditure under this heading provides for the costs of running the Rome headquarters premises, as well as office equipment and administrative supplies. The 1999 proposed level of USD 4 673 000 has been reduced slightly compared to that of 1998.

- (i) **Security and custodial services.** The 1999 Budget allocation of USD 353 000 includes provision for the security contract as well as technical assistance for the security systems at IFAD/HQ and IFAD/2. The 1998 level has been decreased by USD 20 000 following the revision of the security contract for the newly acquired IFAD/2 offices (7th and 8th floors) and the cancellation of services related to the Annex offices. The allocation includes price increases of USD 8 000.
- (ii) **Communications.** This allocation covers estimated 1999 charges for the integrated set of voice, fax and telex communications services totalling USD 581 000. The 1998 level has been maintained, with price increases of USD 13 000, notwithstanding a substantial increase in the volume of all types of traffic, with the exclusion of telexes, as a result of outsourcing to international carriers and close monitoring of market conditions.
- (iii) **Utilities and premises.** This allocation covers building operations and maintenance, cleaning and labour services, technical plant operations including heating and air-conditioning, building supplies, condominium charges for IFAD/2 offices, electricity, water, gas consumption and improvements to the premises not



financed by the Host Government. The 1999 proposed allocation of USD 1 304 000 includes a real increase of USD 37 000, which provides for the cleaning, utilities consumption and additional building maintenance services following the acquirement of additional office space in IFAD/2, and price increases of USD 30 000.

- (iv) **Supplies and printing.** This covers print shop operations and related equipment maintenance, document reproduction, office supplies and stationery. The 1999 level has been decreased by USD 64 000 compared to 1998 due to an improved distribution of office computer supplies, stationery and up-front purchasing of paper in 1998. The 1999 level is USD 438 000, including price increases of USD 10 000.
- (v) **Office equipment and maintenance.** This covers the purchase, replacement and maintenance of headquarters office equipment, which includes vehicles, safes, audio-visual equipment and various standard office fittings and the relative maintenance. There is a slight decrease from the 1998 level, which brings the 1999 proposed allocation to USD 179 000, inclusive of price increases.
- (vi) **Computer services** The proposed 1999 allocation of USD 1 683 000 will cover the following types of expenditures for ongoing information technology services and tools required to support the operations of the Fund.

	USD
Purchase of equipment	47 100
Purchase of standard software	73 300
Fees for maintenance of software products	215 300
Fees for technical assistance for equipment	133 600
Fees for FAO and ICC computer services	194 900
Fees for rental of desktop computers and network servers	516 900
Fees for data communication lines	111 300
Fees and other expenses for specialized technical training	94 700
Fees for short-term specialist support	36 900
Manpower for hotline, end-user training and support, computer operations	259 000
Total	1 683 000



The same expenditures can be reclassified into five major areas according to the services and facilities provided to IFAD:

	USD
Operations and support of IFAD technical infrastructure to ensure the continuity and reliability of network and computer services	965 600
Support of end-users in the use of standard applications through hotline assistance and training at various levels	215 400
Maintenance and support of corporate systems in operation	169 100
External computer services for mainframe applications and internet-connectivity	296 000
Enhancement of technical infrastructure to increase capacity and services	36 900
Total	1 683 000

- (vii) **Other.** This allocation includes expenditure for headquarters insurance coverage, cafeteria-equipment replacement and maintenance, medical supplies and a variety of miscellaneous services. The 1999 allocation includes a real increase of USD 10 000, which provides for increased insurance coverage, catering equipment and services necessary following the acquirement of additional office space in IFAD/2, together with a price increase of USD 3 000. This brings the 1999 proposed allocation to USD 135 000.

(b) Professional Services

97. This heading covers costs of external professional services used mainly for normal office and financial administration. The proposed 1999 Budget is USD 825 000.

- (i) **External Auditors' fees and expenses.** The External Auditors' fees and expenses for the 1999 IFAD audit have been projected at USD 100 000, which includes an estimated price increase of USD 2 000.
- (ii) **Financial services.** This allocation covers costs incurred by IFAD Treasury for subscriptions to an on-line financial-market information service, a rating agency service, publications and professional services. The 1998 level has been reduced by USD 16 000, with a price increase of USD 5 000, bringing the proposed 1999 allocation to USD 181 000.
- (iii) **Translators - External.** In previous years, this item covered the costs of external translation not related to official meetings, including translations into English from non-official languages and related editing requirements. No allocation is proposed in 1999.



- (iv) **Legal services.** This heading provides for various legal services, including a retainer arrangement with a local law firm to advise on matters relating to IFAD's operations in Italy, such as commercial contract arrangements, official staff privileges and immunities and the legal status of IFAD *vis-à-vis* the Headquarters Agreement, the Italian Government and Italian juridical procedures. The 1999 allocation of USD 26 000 includes a price increase of USD 1 000.
 - (v) **Building - Technical services.** This heading provides for technical support services. In 1998, a retainer arrangement with an architectural consultancy firm was established to advise on technical matters related to the provisional headquarters building, technical projects for building improvements and assistance *vis-à-vis* the Italian technical authorities. The 1998 allocation of USD 21 000 is being maintained for 1999 in real terms.
 - (vi) **Specialist audit services.** This new proposed allocation of USD 80 000 replaces the prior year's allocation for consultants for systems development and will provide the Office of Internal Audit with adequate funding for its planned outsourcing programme of specialist audit services. External skills will be engaged under the responsibility of the Office of Internal Audit to complement existing internal resources in specialist audit areas (e.g., information technology, Treasury). The outsourcing initiative is a key element in the audit strategy for building up the capacity of the IFAD internal audit function and to provide a more effective audit service in specialist areas.
 - (vii) **Consultants - MIS - System Development.** Expertise is required on an ongoing basis for coordination of the hotline and user-support function and for technical support and maintenance of corporate systems. The total allocation remains at the 1998 level. The latter function was contained for 1998 at the lowest possible level in order to allocate resources for the development of new financial systems without increasing the overall cost above previous years' levels. For 1999, such a situation must be corrected so as to provide an adequate level of support to corporate applications. In this respect, it is essential to implement the corporate application development and support team approach presented in the Preview of the Programme of Work and Budget of IFAD for 1999. The 1999 proposed allocation is maintained at the 1998 level and, with a price increase of USD 13 000, totals USD 427 000.
- (c) **Miscellaneous**
- (i) **Hospitality.** The USD 46 000 requested reflects a slight increase of USD 1 000 over 1998 and a price increase of USD 1 000.
 - (ii) **Library, books and periodicals.** The 1998 level is increased slightly by USD 1 000, and a price increase of USD 2 000 brings the total proposed 1999 allocation to USD 80 000.
 - (iii) **UN Liaison.** IFAD uses UN facilities at New York and the Washington office for liaison purposes with various UN agencies, the World Bank, the IMF, the Inter-American Development Bank, numerous NGOs and other multilateral aid efforts



and conferences that take place in those two cities. In 1999, the allocation is being maintained and, with price increases of USD 9 000, the proposal amounts to USD 325 000.

- (iv) **FAO charges.** This allocation covers FAO charges for medical services and language testing. In 1999, it is expected that FAO will increase the Fund's share of costs by USD 16 000. The additional amount will cover costs related to a phased-in approach of a new methodology to cost-sharing arrangements among FAO, WFP and IFAD, as opposed to the previous bases of the FAO charges on time reporting for services rendered to IFAD. The 1999 level with price increases of USD 5 000 brings the 1999 proposed allocation to USD 50 000.
- (v) **Other.** The 1999 allocation, which covers minor office expenses, local taxi fares, newspapers, urgent stationery supplies, etc., is being reduced slightly by USD 4 000 over the 1998 level. Inclusive of price increases, this now totals USD 36 000.

E. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization

98. This Budget category, shown in detail in Table 9, includes the items described below.

99. **Duty travel.** As in 1998, this heading includes staff travel but excludes PD staff travel related strictly to appraisal and supervision, which is provided for separately as mentioned under paragraphs 92 and 93. Regular duty travel is decreased by USD 105 000, due mainly to efficiencies achieved by most departments/divisions through the use of reduced airfares using non-endorseable tickets. The proposed 1999 allocation, including price increases of USD 60 000, is USD 1 689 000.

100. **Special studies.** It is periodically necessary to provide support through special studies on certain activities, specific topics and operational guidelines. Such support activities are expected to slightly decrease in 1999 by USD 1 000. The 1999 proposed allocation, inclusive of price increases of USD 3 000, is therefore USD 120 000.

101. **Media, communications and networking.** In 1999, IFAD's media, communications and networking effort will give priority to supporting the process of Consultation on IFAD's Future Resource Requirements. As such, the information and communications strategy will be closely aligned to the resource mobilization effort. The strategy aims to: (a) build public awareness of IFAD's mandate, experience and strengths in poverty eradication; (b) strengthen alliances with key decision-makers in government, parliaments and aid agencies in support of common development priorities; and (c) further develop partnerships of an operational nature with private-sector actors, the non-governmental and civil-society sector, and intergovernmental agencies.

102. Traditional reporting activities and media relations will also be pursued in 1999. These will entail ensuring media coverage for all official visits of IFAD's President, Executive Board meetings, Governing Council meetings, loan-signings and various events at headquarters, in donor countries and in the field. Media field visits will be organized so that selected journalists representing the international media can cover the Fund's achievements, specifically innovative institutional arrangements that lead to project success. Special public information events and projects planned for 1999 involve media briefings, panel discussions and press conferences highlighting distinctive events/days, in selected Organisation for Economic Co-operation and Development and the Organization of Petroleum Exporting Countries' capitals.



103. New and expanded media activities for 1999 will focus on a wide and interlinked approach to information dissemination through the establishment of an information network of media correspondents, and incorporating the potential of Internet, multimedia systems and electronic linkages with developing countries. A network of partners and advocates as well as dialogues with recipient governments' information and press offices will also be established. The provision of newsworthy information and the expansion of digital audiovisuals and photographic material specifically tailored to diverse needs as they arise is also included. The total proposed allocation for 1999 is USD 268 000, including a price increase of USD 8 000.

104. **Annual Report.** The Annual Report describes the operations and regional activities undertaken during the year and contains the audited financial statements. It is provided to Member Governments, other financial and development institutions, NGOs and the public at large who are interested in IFAD's work. This report has become a key reference publication, and requests for such information have increased in recent years. In line with cost-cutting efforts, the 1999 proposed allocation of USD 137 000 includes a real reduction of USD 5 000, offset by price increases of USD 2 000.

105. **Publications.** Publications contribute to achieving IFAD's corporate strategic objectives and therefore support IFAD's position as a knowledge organization. IFAD's publications aim to disseminate the Fund's achievements, promote its policies, build support for its activities and increase understanding of rural poverty.

106. As a result of the re-engineering, the production of publications is more systemized and cost-effective due to the establishment of a new process involving content review, the availability of internal graphic design services and desktop publishing, and more cost effective printing and dissemination strategies. A dramatic increase of publications during the last two years has shown the benefits of the new process. Following the same line of cost-effectiveness, the 1998 allocation is being increased by USD 38 000 due to greater demand and, together with price increases of USD 5 000, brings the 1999 proposed allocation to USD 234 000.

107. **Contributions to UN committees and other committees.** IFAD continues to provide contributions to the budgets of certain UN-sponsored committees, other committees related to project or administrative work and to other regional or sectoral bodies that are broadly representative of key stakeholder constituencies or which contribute to furthering IFAD's policy or programme priorities. Such contributions are typically required to contribute to overhead expenses associated with the management of the specific partnership. In 1999, it is proposed that some be discontinued, thus decreasing the overall 1999 allocation to USD 57 000, inclusive of price increases of USD 2 000. Details of the planned 1999 contributions are provided below:

- (i) **The International Civil Service Commission (ICSC)** regulates and coordinates the conditions of service of the United Nations Common System. The three main areas covered are cost of living, salaries and allowances, and personnel policies. Although IFAD is not a member of ICSC, it generally follows UN Common System practices and participates in meetings of ICSC and in the collection of data required for comparisons of conditions of service. Accordingly, IFAD pays a share proportionate to the number of its staff.



The Consultative Committee on Administrative Questions (CCAQ) is a subcommittee of the Administrative Committee on Coordination (ACC). Together with other UN agencies, IFAD is involved in meetings dealing with personnel, finance and budget issues. As with ICSC, the cost of the CCAQ secretariat is shared in proportion to the number of staff. It is expected that the 1999 total contribution will be around USD 30 000.

- (ii) **The Non-Governmental Liaison Service (NGLS)** acts as a catalyst to bring together certain NGOs and helps to identify and obtain background materials, including film and audio-visual materials from non-governmental as well as UN sources. The consolidated services have a single head of programme and cater to NGO needs in North America and Europe. The allocation is maintained at USD 12 000.
- (iii) **The Consultative Committee on Programme and Operational Questions** advises and assists the Administrative Committee on Coordination (ACC) on a wide range of issues with a view to promoting complementarities, and mobilizes the United Nation system's analytical, normative and agreed strategies. It also ensures an ongoing dialogue regarding major strategies, approaches and issues relevant to the development activities of the United Nations system. It promotes programme coordination and collaborative arrangements around substantive priority themes among the organizations of the system and reviews their progress periodically. The amount of USD 6 000 is being maintained for 1999.
- (iv) **Economic Research Forum (ERF)** is a forum for Arab Countries, Iran and Turkey, created in 1993 to meet the need for closer interaction between the regional economic research constituency, the decision-making community and the interest groups of civil society. The ERF provides policy-relevant research, disseminates research results to scholars, policy makers and the business community, and maintains a databank and documentation library. The ERF is an independent, non-governmental, non-profit organization. For its support, IFAD receives access to working papers, newsletters and periodic conferences. IFAD's contribution in 1999 will be USD 9 000.

108. **Participation in and hosting of meetings.** No increase over the 1998 allocation is foreseen in the 1999 Budget. This is to cover the cost of essential conference staff and services for meetings other than those of the Governing Bodies that may be held at headquarters or elsewhere. The proposed 1999 allocation of USD 35 000 is inclusive of price increases of USD 1 000.

F. Contingency Items

109. **Expenses on the new headquarters building.** The Headquarters Agreement between the Republic of Italy and IFAD called upon the Italian Government to provide IFAD with a Permanent Headquarters building with appropriate conference facilities. Since 1984, IFAD budgets have included a provision for costs that will have to be incurred for moving and settling into the new facilities when they are ready. The Italian authorities have consistently reaffirmed their intention to fulfil this obligation, and as a temporary solution they have proposed to rent the building immediately adjacent to IFAD's present Provisional Headquarters, which has now become a more feasible option as the building has been completely vacated.



110. Therefore, provision is again made for costs to contract appropriate professional assistance to prepare technical specifications for works and to ensure that the works meet IFAD's requirements. In the 1994 Budget, the contingency amount for the headquarters building was reduced from USD 400 000 to USD 200 000, and a provision of only USD 150 000 has been included since 1996. This same figure is proposed for inclusion for 1999, taking into consideration that this allocation will have to be increased in the Budget for 2000.

111. **Contingency for unforeseen expenses.** As in 1998, this contingency of USD 250 000 is provided for unforeseen expenses and possible inflationary pressure in excess of that anticipated.

112. As previously suggested to and agreed by the Executive Board at its Sixty-Fourth Session, it is recommended that the Executive Board authorize the President to allocate from contingency to other categories of expenditure as the need arises. It is understood that the President will always inform the Executive Board of any such action.

VII. RECOMMENDATION

113. In accordance with Article 6, Section 10, of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD, it is recommended that:

- (a) the Executive Board approve the Programme of Work for 1999 at a level of SDR 335.22 million for planning purposes;
- (b) the Executive Board agree that the President be authorized to submit the Budget for 1999 totalling USD 55 293 000, to the Twenty-Second Session of the Governing Council for its approval;
- (c) the Executive Board agree that an amount of USD 343 000 be separately provided for funding the Consultations during 1999 on the Future Financial Needs of IFAD; and
- (d) the Executive Board authorize the President to allocate amounts under Contingency Items to other categories of expenditure as the need arises, and to inform the Executive Board of such action.

TABLE 4
COMPARISON OF 1997 ACTUAL, 1998 AND 1999 BUDGETS
(USD '000)

	1997	1998				1999		
	Actual (at 1 684)	Original Approved (at 1 695)	Projected Expenditure ¹ (at 1 788)	Budget ¹ (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
1. Governing Bodies and Other Official Meetings	1 910	1 811	1 740	1 740	1 781	(17)	76	1 840 <i>see Table 5</i>
2. Staff Costs	24 809	26 686	26 114	26 114	26 678	123	1 033	27 834 <i>see Table 6</i>
3. Payments for Appraisal, Supervision and Evaluation	14 379	14 288	14 182	14 182	14 242	43	629	14 914 <i>see Table 7</i>
4. Office and General Expenses	5 560	6 045	5 815	5 815	5 945	(55)	155	6 045 <i>see Table 8</i>
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 120	2 582	2 512	2 512	2 553	(94)	81	2 540 <i>see Table 9</i>
6. Contingency Items			400					
(a) Expenses on the New Headquarters Building		150		150	150			150
(b) Unforeseen Expenses		250		250	250			250
Subtotal	48 778	51 812	50 763	50 763	51 599		1 974	53 573
Upfront Costs Relating to Re-Engineering ²	1 143	1 174	1 174	1 174	1 174	(21)		1 153 <i>see Section V-B</i>
TOTAL	49 921	52 986	51 937	51 937	52 773	(21)	1 974	54 726
Extraordinary Price Increase							640	640 <i>see Section V-A</i>
GRAND TOTAL	49 921	52 986	51 937	51 937	52 773	(21)	2 614	55 366
Consultation on IFAD Future Financial Needs								343 <i>see Section V-C</i>

¹ Inclusive of USD 400 000 relating to 1998 portion of the supplementary budget approved by GC vote by correspondence regarding ILOAT decision.

² The 1997 Actual is inclusive of USD 600 000 which relates to expenditures for the Early Retirement Programme.

IMPACT	
Real Increase (Decrease) Overall	= (0.04)%
Nominal Price Increase	= 3.74%
Extraordinary Price Increase	=1.21%
Final Nominal Increase	=4.91%



TABLE 5
GOVERNING BODIES AND OTHER OFFICIAL MEETINGS
(USD '000)

	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
(a) GOVERNING COUNCIL						
Professional Staff (salaries/allowances/subsistence), Interpreters, Translators and Other	319	159	161	(6)	5	160
Temporary Support Staff (salaries/allowances/subsistence)	185	167	172	3	17	192
Travel Expenses	32	34	34	0	1	35
Communications, Security and Other Services	85	99	103	(3)	2	102
Supplies, Printing and Miscellaneous	147	95	98	(8)	2	92
Subtotal	768	554	568	(14)	27	581
(b) EXECUTIVE BOARD AND SUBCOMMITTEES						
Professional Staff (salaries/allowances/subsistence) Interpreters, Translators and Other	637	635	645	0	20	665
Temporary Support Staff (salaries/allowances/subsistence)	328	286	294	26	21	341
Travel Expenses	87	83	85	(7)	3	81
Executive Directors - Travel and Subsistence	40	128	133	(27)	3	109
Communications, Security and Other Services	19	25	26	5	1	32
Supplies, Printing and Miscellaneous	31	29	30	0	1	31
Subtotal	1 142	1 186	1 213	(3)	49	1 259
(c) EVALUATION COMMITTEE						
GRAND TOTAL: GOVERNING BODIES AND OTHER OFFICIAL MEETINGS	1 910	1 740	1 781	(17)	76	1 840



**TABLE 6
STAFF COSTS
(USD '000)**

	1997		1998		1999		<i>Professional</i>	<i>General Service</i>	<i>Other</i>
	Actual (at 1 684)	Budget ¹ (at 1 788)	Restated ¹ (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)			
(a) Salaries and Post Adjustment	15 795	16 004	16 384		511	16 895	10 778	6 086	31
(b) Education Grants and Other Allowances	1 591	1 666	1 708		44	1 752	1 597	155	
(c) Pension and Medical Plan Contributions	4 182	4 744	4 809	89	350	5 248	2 991	1 740	517
(d) Home Leave	344	311	319	(17)	13	315	314	1	
(e) Repatriation and Separation Payments	1 341	1 381	1 405		37	1 442	765	677	
(f) Relocation and Recruitment	196	320	328	73	14	415			415
Regular and Fixed-Term Staff	23 449	24 426	24 953	145	969	26 067	16 445	8 659	963
(g) Short-Term Temporary Staff	631	1 047	1 071	(13)	44	1 102	309	793	
(h) Overtime	189	221	228	(9)	7	226		226	
(i) Training	540	420	426		13	439			439
GRAND TOTAL: STAFF COSTS	24 809	26 114	26 678	123	1 033	27 834	16 754	9 678	1 402

¹ Inclusive of USD 400 000 relating to 1998 portion of the supplementary budget approved by a GC vote by correspondence regarding the ILOAT decision.





TABLE 6A
STAFF LEVELS IN 1999 ¹

	Professionals and Higher Grade Staff							Support Staff
	AP	D-2	D-1	P-5	P-4	P-2/3	Total	Total
Office of the President (OP)								
Office of the President			1				1	3
Internal Audit				1	1	1	3	1 ²
Office of Evaluation and Studies			1	3	3		7	6
Office of the General Counsel			1	1	3		5	4
TOTAL OP	0	0	3	5	7	1	16	14
Office of the Vice-President (VP)								
Office of the Vice-President								1
Controller's Office			1	4	2	1	8	25.5 ²
Treasury			1	1	1	2	5	7
TOTAL VP	0	0	2	5	3	3	13	33.5
Programme Management Department (PD)								
Office of the Assistant President	1			2	1	1	5	3
Africa I Division		1		6	3		10	6
Africa II Division			1	6	3		10	6
Asia and the Pacific Division			1	7	1		9	6
Latin America and the Caribbean Division		1		4	3		8	5
Near East and North Africa Division		1		4	3		8	4
Technical Advisory Division			1	7			8	4
TOTAL PD	1	3	3	36	14	1	58	34
Economic Policy and Resource Strategy Department (ED)								
Office of the Assistant President	1	1		3	6	1	12	11
TOTAL ED	1	1	0	3	6	1	12	11
Management and Personnel Services Department (MD)								
Office of the Assistant President	1						1	1
Administrative and Protocol Services				1	1	2	4	23.5 ²
Management Information Systems			1	1	4	3	9	7.5 ²
Office of the Secretary			1	2	7	4	14	25.5 ²
Personnel Division			1	2	1	1	5	8 ²
TOTAL MD	1	0	3	6	13	10	33	65.5
GRAND TOTAL	3	4	11	55	43	16	132	158

¹ The President and the Vice-President are not included in the staffing figures.

² Includes the conversion of one general service staff to the professional category, which totals six.

TABLE 7
PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION
(USD '000)

	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
1. Appraisal and Related Costs	2 659	2 005	2 020	(16)	54	2 058
(a) Strategy Development	38	76	76	(10)	2	68
(b) Appraisals	2 621	1 929	1 944	(6)	52	1 990
2. Supervision and Related Costs	8 863	9 269	9 282	60	494	9 836
(a) Cooperating Institutions ¹	7 592	7 902	7 902	(282)	453 ¹	8 073 ¹
(b) Direct Supervision	0	95	96	304	11	411
(c) IFAD Follow-Up	1 111	1 105	1 115	(22)	27	1 120
(d) Supervision of Technical Assistance Grants	160	167	169	15	3	187
(e) Audits of Loans and Grants initiated by IFAD	0	0	0	45	0	45
3. Staff Travel	994	1 083	1 098	0	38	1 136
(a) Appraisal and IFAD Follow-Up	994	1 034	1 049	(26)	35	1 059
(b) Direct Supervision	0	49	49	26	3	78
4. Evaluation and Studies	1 863	1 825	1 842	(1)	43	1 884
GRAND TOTAL : PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION	14 379	14 182	14 242	43	629 ¹	14 914 ¹

¹ Excludes the extraordinary price increase (USD 640 000) levied by the World Bank. This is shown separately on Table 4 and assumes 8.7 projects remain entrusted to the World Bank.



TABLE 7A
EVALUATION AND STUDIES
(USD '000)

	1998		1999		
	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
4. EVALUATION AND STUDIES					
Mid-Term Evaluations	214	216		5	221
Interim Evaluations	392	395	(2)	8	401
Completion/Ex-Post Project Missions	397	401	(1)	10	410
Country Portfolio Evaluation	113	114	1	4	119
Lessons Learned and Thematic Studies	275	277	(11)	7	273
Evaluation Knowledge System	44	45			45
Preparation of Technical Assistance Grant on M&E	15	15	(1)		14
Training Activities/Workshops/Seminars	148	150	(20)	2	132
Methodology Research/Publications	114	115	10	3	128
OE/PD Activities in Evaluation Partnerships	66	67	(1)	1	67
Evaluation Knowledge Web	27	27		1	28
LEOS Programme	20	20		1	21
Information Technology			24	1	25
GRAND TOTAL:					
EVALUATION AND STUDIES	1 825	1 842	(1)	43	1 884





TABLE 8
OFFICE AND GENERAL EXPENSES
(USD '000)

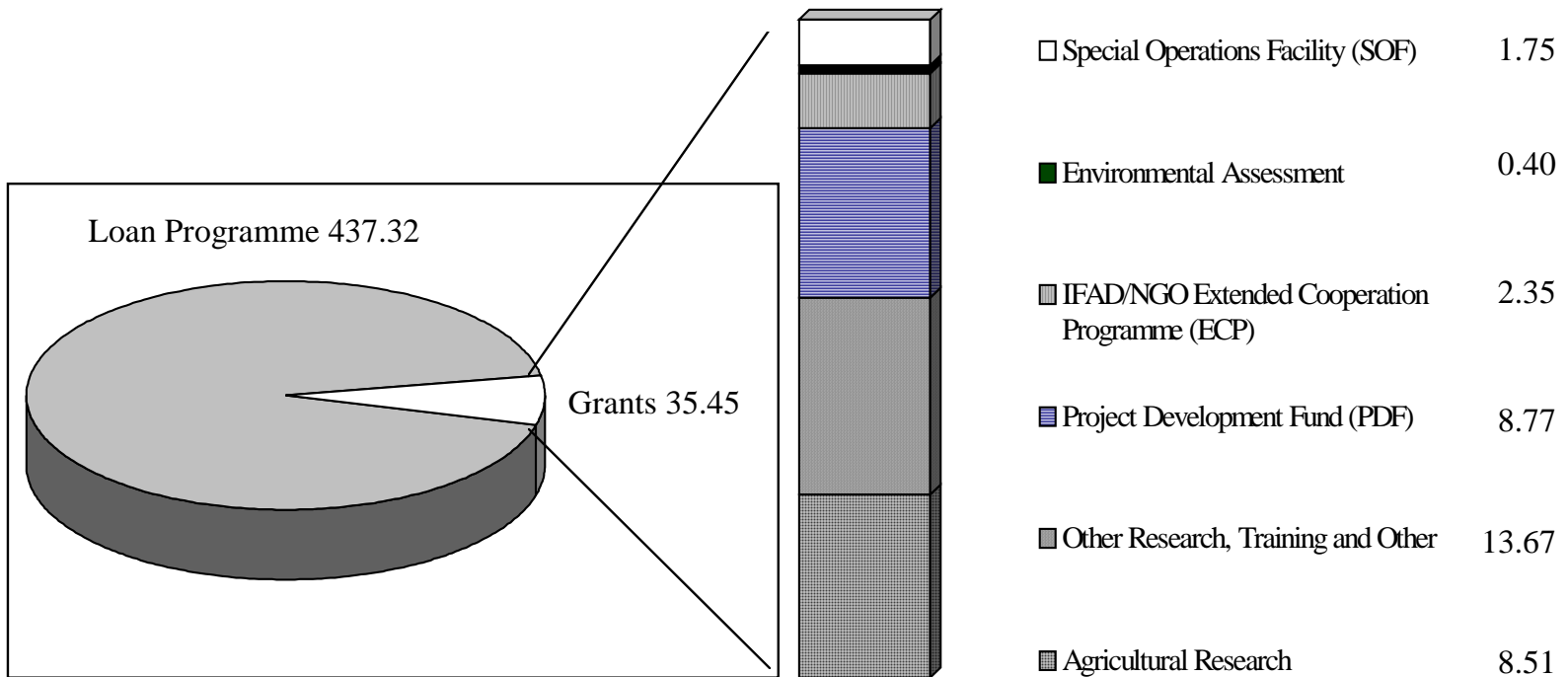
	1997	1998		1999		
	Actual (at 1 684)	Budget (at 1 788)	Restated (at 1 734)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 734)
Security and Custodial Services	317	354	365	(20)	8	353
Communications	565	551	568	0	13	581
Utilities and Premises	1 096	1 199	1 237	37	30	1 304
Supplies and Printing	471	477	492	(64)	10	438
Office Equipment and Maintenance	162	174	179	(4)	4	179
Computer Services	1 590	1 606	1 635	0	48	1 683
Other	108	119	122	10	3	135
Headquarters Expenses	4 309	4 480	4 598	(41)	116	4 673
External Auditors' Fees and Expenses	99	95	98	0	2	100
Financial Services	187	189	192	(16)	5	181
Translators - External	12	10	10	(10)	0	0
Legal Services	26	24	25	(0)	1	26
Building - Technical Services	17	21	21	0	0	21
Consultants for Systems Audit		50	50	(50)	0	0
Specialist Audit Services				80	0	80
Consultants - MIS - System Development	402	412	414	0	13	427
Professional Services	743	801	810	4	21	835
Hospitality	39	43	44	1	1	46
Library, Books and Periodicals	65	76	77	1	2	80
UN Liaison	295	316	316	0	9	325
FAO Charges	26	29	29	16	5	50
Other	54	38	39	(4)	1	36
Miscellaneous	479	502	505	14	18	537
Funding of Credit Union Manager	29	32	32	(32)	0	0
Credit Union	29	32	32	(32)	0	0
GRAND TOTAL: OFFICE AND GENERAL EXPENSES	5 560	5 815	5 945	(55)	155	6 045

TABLE 9
OTHER OPERATIONAL EXPENSES INCLUDING CORPORATE STRATEGY,
POLICY AND RESOURCE MOBILIZATION
(USD '000)

	1997	1998		1999		
	Actual	Budget	Restated	Real Increase	Price	Proposed Budget
	(at 1 684)	(at 1 788)	(at 1 734)	(Decrease)	Increase	(at 1 734)
(a) Duty Travel	1 387	1 707	1 734	(105)	60	1 689
(b) Special Studies	106	117	118	(1)	3	120
(c) Media, Communications and Networking	227	258	260	0	8	268
(d) Annual Report	135	136	140	(5)	2	137
(e) Publications	188	185	191	38	5	234
(f) Contributions to UN and other Committees	74	76	76	(21)	2	57
(g) Participation in and Hosting of Meetings	3	33	34	0	1	35
GRAND TOTAL: OTHER OPERATIONAL EXPENSES	2 120	2 512	2 553	(94)	81	2 540

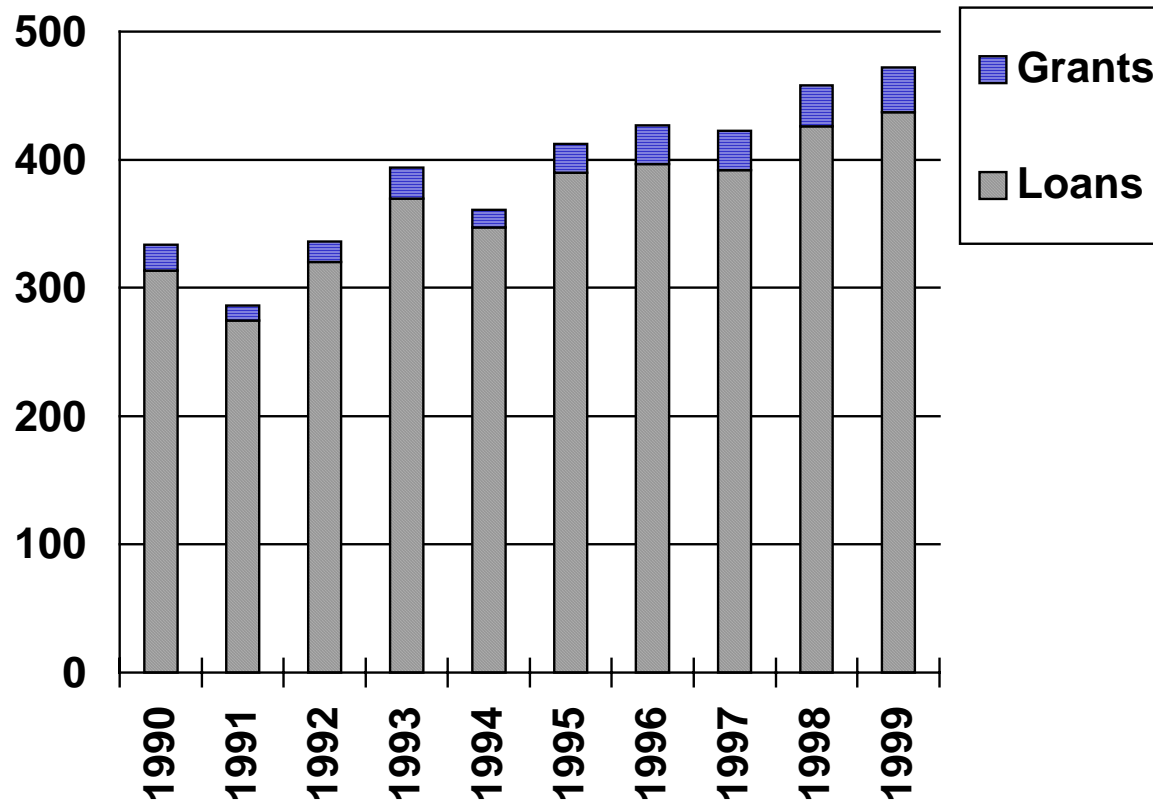


THE 1999 PROGRAMME OF WORK (USD million)



IFAD LOANS AND GRANTS
EXCLUDING CANCELLATIONS
Approved 1990-1997, Projected 1998 and Proposed 1999

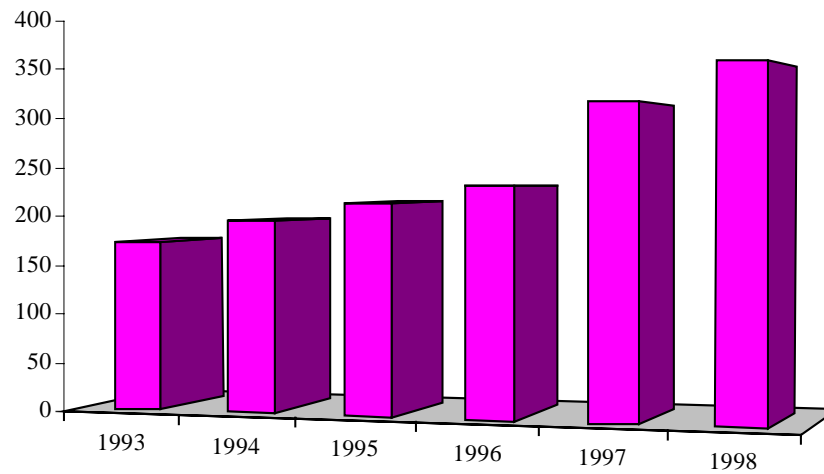
(USD million)



- Includes loans and grants financed under the Special Programme for Africa.
- From 1989 to 1993, grants include services to Member States. In 1994, these were included under the Administrative Budget, while from 1995, the grant figures include the Project Development Fund (PDF).

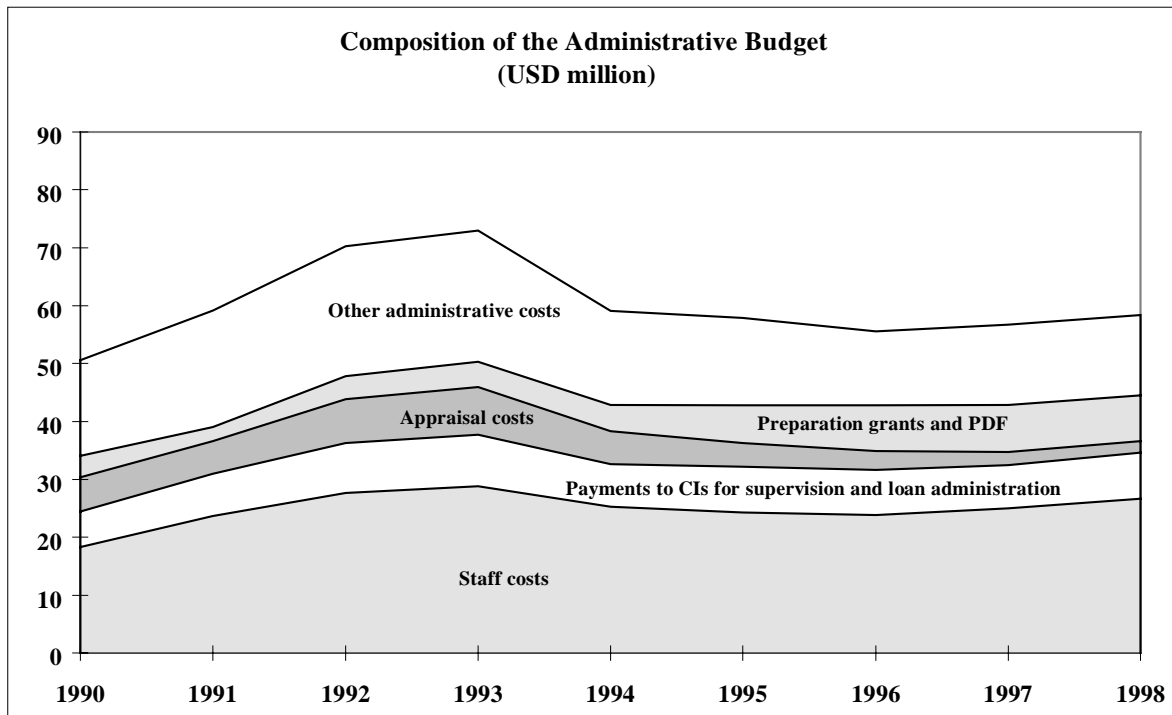
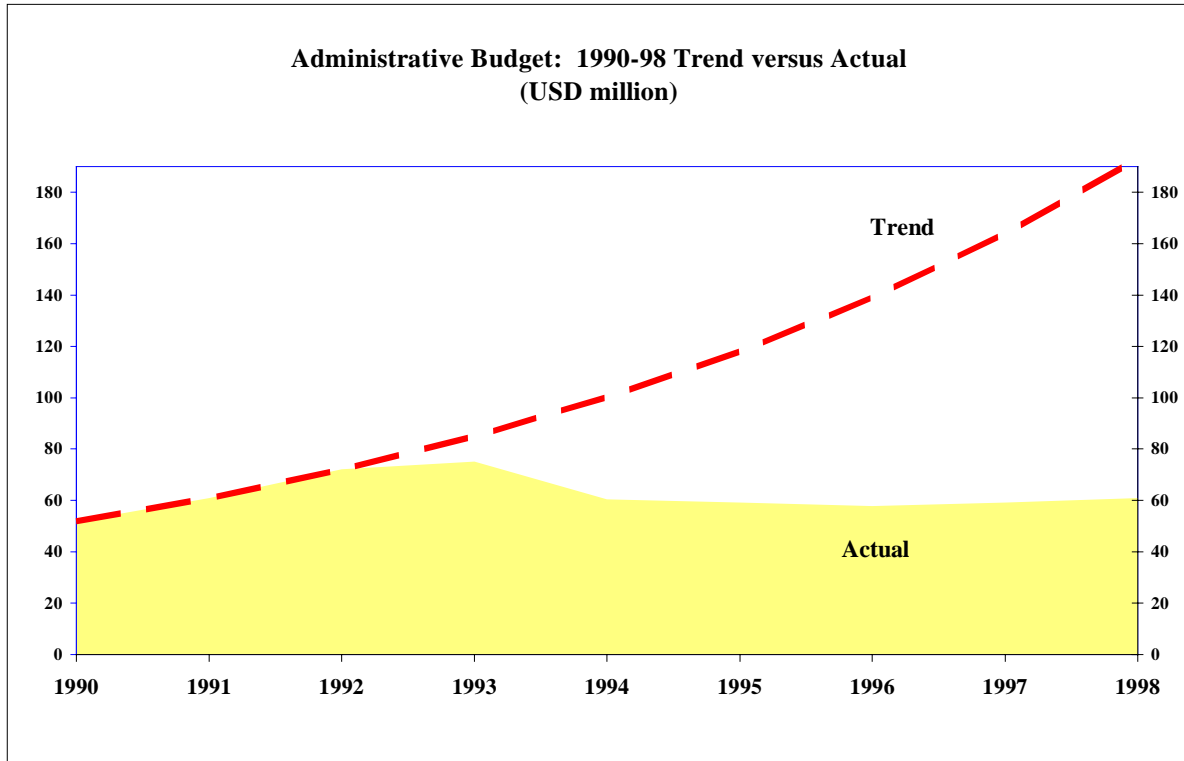


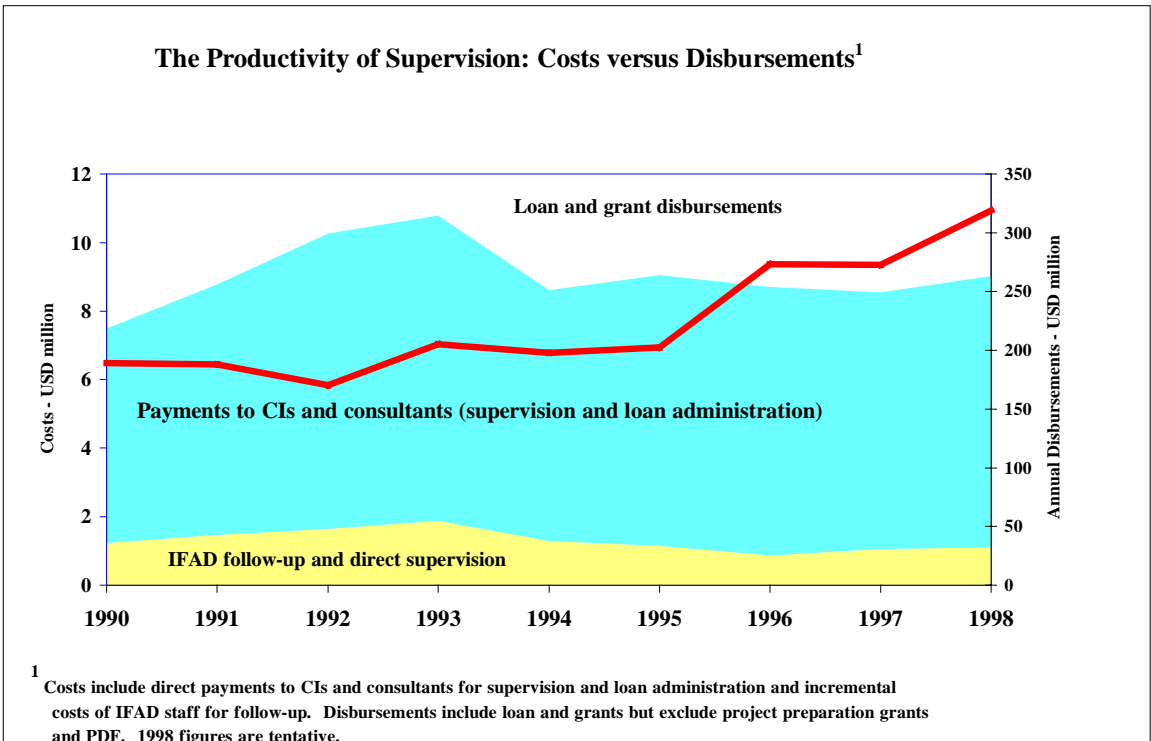
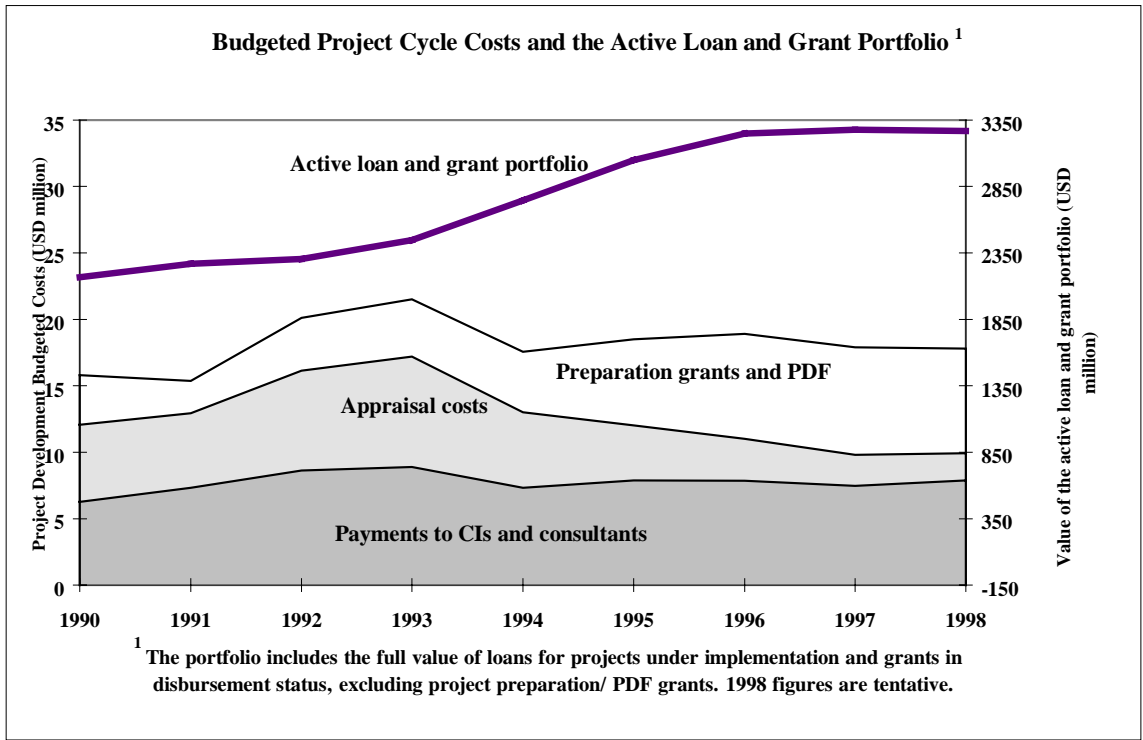
Number of NGOs collaborating in ongoing IFAD projects and ECP programmes^{1/}

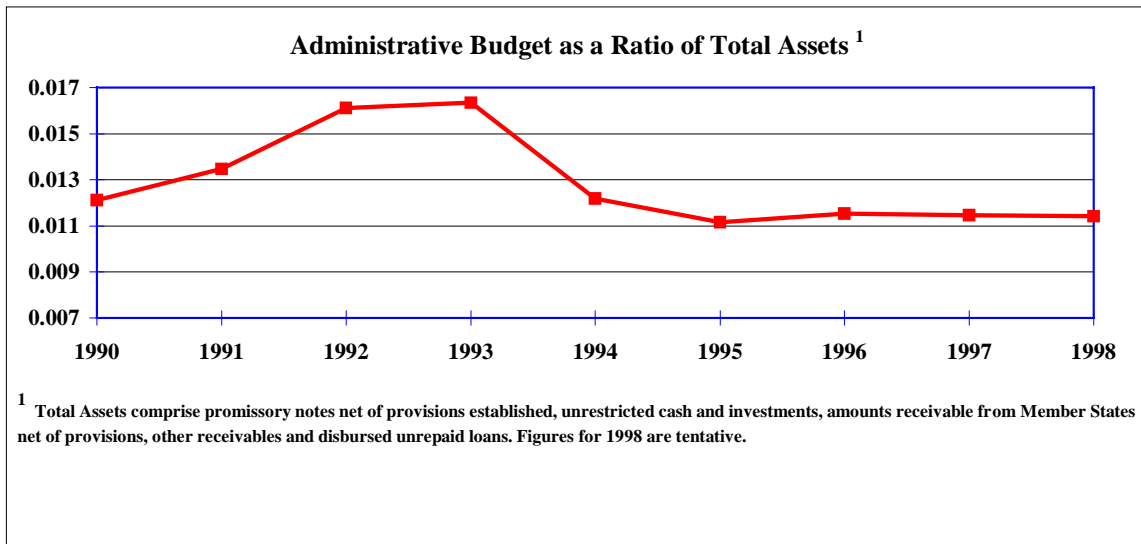
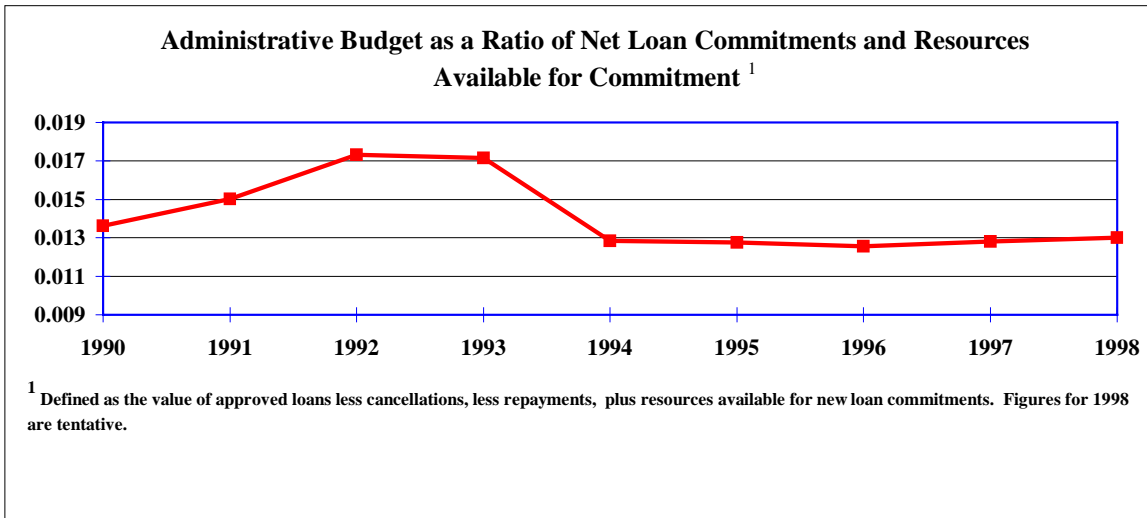


^{1/} 1998 figures are tentative.



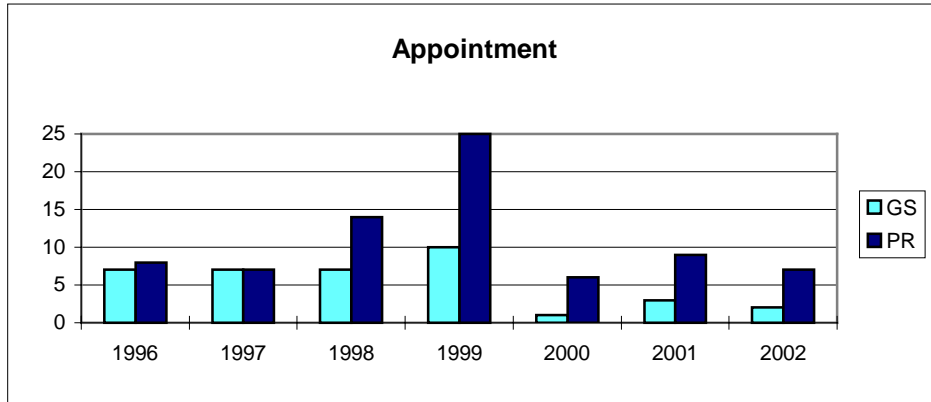




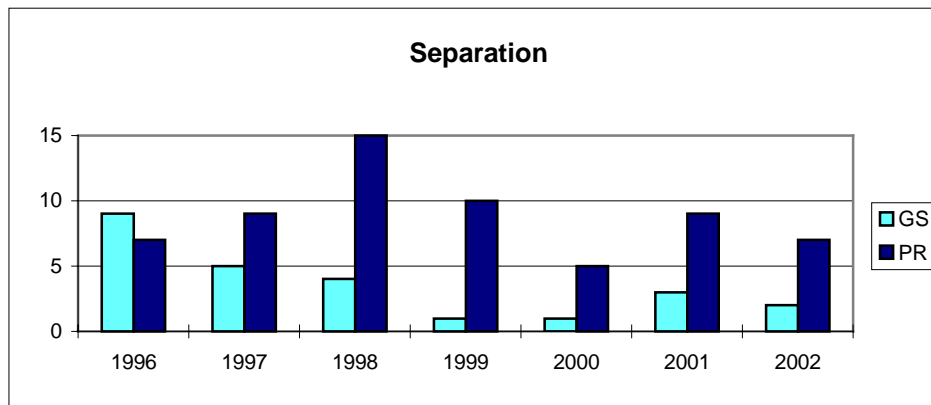


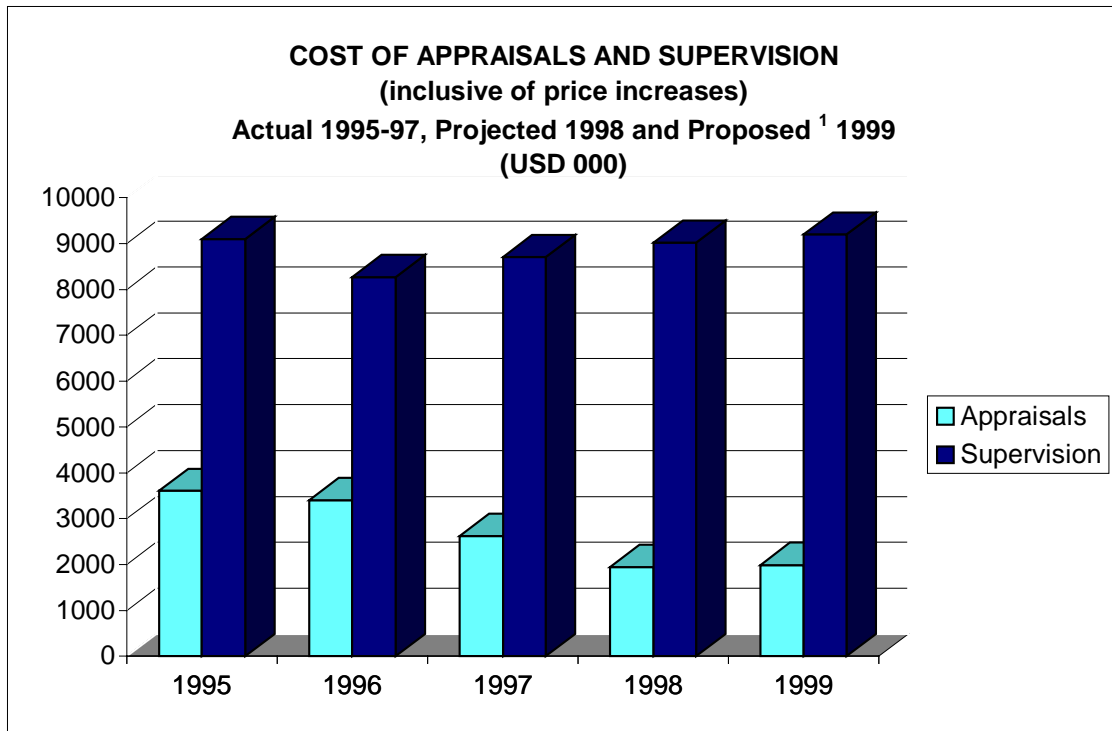


**Number of IFAD Staff Appointed During the Years 1996 - 1998
and Expected Number of Staff Appointments from 1999 - 2002**



**Number of IFAD Staff Separated During the Years 1996 - 1998
and Expected Number of Separations from 1999 - 2002**





¹ Excludes the extraordinary price increase levied by the World Bank.

PROGRAMME MANAGEMENT DEPARTMENT

WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE

	1999 Proposed	%
PROJECT DEVELOPMENT FUND ^{1 2 3}		
Africa I	5.5	19.7
Africa II	5.1	18.3
Asia and the Pacific	6.1	21.9
Latin America and the Caribbean	5.0	17.9
Near East and North Africa	5.0	17.9
Technical Advisory Division	1.2	4.3
TOTAL	27.9	100.0
APPRAISAL ¹		
Africa I	9.0	27.3
Africa II	7.0	21.2
Asia and the Pacific	5.0	15.2
Latin America and the Caribbean	6.0	18.2
Near East and North Africa	6.0	18.2
TOTAL	33.0	100.0
PLANNED PROJECTS ⁴		
Africa I	9.0	26.5
Africa II	7.0	20.6
Asia and the Pacific	8.0	23.5
Latin America and the Caribbean	5.0	14.7
Near East and North Africa	5.0	14.7
TOTAL	34.0	100.0

¹ These operations include projects originating in the pipelines of other international financial institutions; as their connected project-development costs would be less, the actual number of operations may differ.

² Includes partial project-development costs due to the impact of activities that may have commenced but not been completed by the end of 1998. Similarly, partial costs for commencement in 1999 may also be incurred.

³ These percentages indicate numbers rather than financing levels as shown in Table 3A.

⁴ These percentages indicate numbers rather than financing levels as shown in Annex II.

PROGRAMME MANAGEMENT DEPARTMENT - LOAN PROGRAMME

(USD '000 and SDR '000)

	1997			1998						1999		
	Actual ¹			Original Approved			Projected ³			Proposed		
	USD	SDR	%	USD ²	SDR	%	USD	SDR	%	USD	SDR ⁴	% ⁵
LOAN PROGRAMME												
Africa I	18 255	13 450	4.67	58 000	42 484	13.60	80 868	58 286	18.88	93 149	66 049	21.30
Africa II	34 470	25 300	8.78	82 800	60 650	19.41	77 383	56 285	18.23	93 149	66 049	21.30
Asia and the Pacific	175 057	128 750	44.67	130 250	95 407	30.54	105 881	77 030	24.96	124 286	88 127	28.42
Latin America and the Caribbean	83 499	61 450	21.32	72 950	53 435	17.10	70 462	50 037	16.21	71 021	50 358	16.24
Near East and North Africa	80 747	59 300	20.57	82 500	60 430	19.34	91 757	67 032	21.72	55 715	39 505	12.74
TOTAL	392 028	288 250	100.00	426 500	312 406	100.00	426 351	308 671	100.00	437 320	310 088	100.00

¹ The 1997 Actual is shown in USD at the rate prevailing on the Executive Board approval date.

² As approved by the Executive Board at SDR 1 = USD 1.36521.

³ For loans approved at the April and September Sessions of the Executive Board, the USD equivalent is shown at the rate prevailing on the Executive Board approval date.

For loans being presented for approval at the December Session, the USD equivalent is calculated using the 15 October 1998 rate of SDR 1 = USD 1.41031.

At the time of preparation of this document, project proposals relating to the December 1998 Executive Board were still being negotiated.

⁴ Calculated using the 15 October 1998 rate of SDR 1 = USD 1.41031 (see Table 3).

⁵ These percentages indicate financing amounts rather than actual number of projects as shown in Annex I.



PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS
(USD '000)

	1997 Actual (at 1 684)	1998 Approved Budget Restated (at 1 788)	1998		Real Increase (Decrease)	Price Increase	1999 Proposed Budget (at 1 734)	1999 Estimated Number of Projects Under Supervision	1999 Number of Projects for which Charges are Projected ¹
			Approved Numbers						
World Bank (including IBRD and IDA) ³	1 185	1 320	29.45		(930)	15 ³	405	30.20	8.70 ³
United Nations Office for Project Services	4 336	4 592	104.25		906	245	5 743	124.83	124.83
African Development Bank	355	275	7.00		0	47	322	7.00	7.00
Arab Fund for Economic and Social Development	356	430	14.00		(12)	32	450	13.60	13.60
Asian Development Bank	232	306	5.00		(184)	2	124	8.50	2.00
Caribbean Development Bank	34	58	5.50		(12)	(16)	30	4.40	4.40
United Nations Department for Development Support and Management Services	126	0	0.00		0	0	0	0.00	0.00
West African Development Bank	338	220	12.50		(6)	90	304	12.15	12.15
Central American Bank of Economic Integration	73	113	5.50		(10)	(23)	80	5.00	5.00
Andean Development Corporation	490	554	16.50		0	61	615	16.50	16.50
Inter-American Development Bank	67	34	1.00		(34)	0	0	1.00	0.00
SUBTOTAL	7 592	7 902	200.70		(282)	438	8 073	223.18	194.18
Test projects for IFAD direct supervision ²	0	96	4		304	11	411	10.00	10.00
TOTAL	7 592	7 998	204.20		22	449	8 484	233.18	204.18

¹ Numbers include *pro rata* apportionments for projects proposed during 1998 and exclude projects that may be approved during 1999. This methodology is also applied to projects under IFAD direct supervision. Similarly, *pro rata* apportionments have been applied for projects that are expected to be extended into 1998 or that are in suspension status. Numbers are also prorated where approval of a loan is combined with Belgian Survival Fund (BSF) resources.

² In accordance with Resolution 102/XX adopted by the Governing Council at its Twentieth Session and document EB 97/61/R.12 presented to the Sixty-First Session of the Executive Board.

³ Assumes 8.7 projects remain entrusted to the World Bank. See extraordinary price increase indicated separately on Table 4 (USD 640 000).

1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
(USD '000)

	Total 1999 Proposed (at 1 734)	Office of the President	Office of the Vice- President	Programme Management Department	Economic Policy and Resource Strategy Department	Management and Personnel Services Department
1. Governing Bodies and Other Official Meetings	1 840				55	1 785
2. Staff Costs	27 833	3 214	3 952	9 653	2 039	8 976
3. Payments for Appraisal, Supervision and Evaluation ¹	15 554	1 929		13 578	47	
4. Office and General Expenses	6 045	107	294	25	325	5 294
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 540	512	231	751	540	506
TOTAL	53 812	5 762	4 477	24 007	3 006	16 560

¹ Includes extraordinary price increase of USD 640 000, details of which are provided in Table 4.



1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Office of the President (OP)
(USD '000)

	Office of the President	Internal Audit	Office of Evaluation and Studies	Office of General Counsel	Totals (OP)
2. Staff Costs	658	347	1 237	972	3 214
2.a - Regular and Fixed-Term Staff	647	336	1 119	818	2 920
2.e					
2.g Short-Term Temporary Staff		10	109	145	264
2.h Overtime	11	1	9	10	30
3. Payments for Appraisal, Supervision and Evaluation	0	45	1 884	0	1 929
3.4 Evaluation and Studies	0	45	1 884	0	1 929
4. Office and General Expenses	19	81	0	7	107
4.b Professional Services		80	0	0	80
4.c Miscellaneous ¹	19	1	0	7	27
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	76	38	298	100	512
5.a Duty Travel	76	38	210	100	424
5.b Special Studies	0	0	88	0	88
TOTAL	753	511	3 419	1 079	5 762

¹ Includes "Hospitality" and "Other" to be suballocated to OP divisions during 1999.



1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Office of the Vice-President (VP)
(USD '000)

	Office of the Vice-President	Office of the Controller	Treasury	Totals (VP)
2. Staff Costs	352	2 537	1 063	3 952
2.a - Regular and Fixed-Term Staff	340	2 436	1 018	3 794
2.e				
2.g Short-Term Temporary Staff	6	82	39	127
2.h Overtime	6	19	6	31
4. Office and General Expenses	3	106	185	294
4.b Professional Services	0	100	181	281
4.c Miscellaneous	3	6	4	13
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	32	131	68	231
5.a Duty Travel	32	131	68	231
TOTAL	387	2 774	1 316	4 477



1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Programme Management Department (PD)
(USD '000)

	Office of the Assistant President	Africa I Division	Africa II Division	Asia and the Pacific Division	Latin America and the Caribbean Division	Near East and North Africa Division	Technical Advisory Division	Totals (PD)
2. Staff Costs	902	1 660	1 615	1 595	1 368	1 320	1 193	9 653
2.a - Regular and Fixed-Term Staff	824	1 642	1 588	1 572	1 352	1 284	1 166	9 428
2.e								
2.g Short-Term Temporary Staff ¹	71	13	16	17	6	24	20	167
2.h Overtime	7	5	11	6	10	12	7	58
3. Payments for Appraisal, Supervision and Evaluation	170	2 882	3 075	2 870	2 150	2 245	186	13 578
3.1 Appraisal and Related Costs	21	541	422	302	362	362	0	2 010
3.2 Supervision and Related Costs ²	41	2 133	2 447	2 384	1 642	1 711	72	10 430
3.3 Staff Travel	108	208	206	184	146	172	114	1 138
4. Office and General Expenses	6	3	3	3	3	5	2	25
4.c Miscellaneous	6	3	3	3	3	5	2	25
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	66	105	100	136	126	144	74	751
5.a Duty Travel	66	105	100	136	126	144	74	751
TOTAL	1 144	4 650	4 793	4 604	3 647	3 714	1 455	24 007

¹ Includes projected requirements for certain PD divisions relating to temporary staff benefits in the amount of USD 58 000.

² Includes extraordinary price increase of USD 640 000, details of which are provided in Table 4.



1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Economic Policy and Resource Strategy Department (ED)
(USD '000)

	Office of the Assistant President	Totals (ED)
1. Governing Bodies and Other Official Meetings	55	55
1.a Governing Council	55	55
2. Staff Costs	2 039	2 039
2.a 2.e Regular and Fixed-Term Staff	1 936	1 936
2.g Short-Term Temporary Staff	81	81
2.h Overtime	22	22
3. Payments for Appraisal, Supervision and Evaluation	47	47
3.1 Appraisal and Related Costs	47	47
4. Office and General Expenses	325	325
4.c (i) Miscellaneous	0	0
4.c (iii) UN Liaison	325	325
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	540	540
5.a Duty Travel ¹	200	200
5.b Special Studies	32	32
5.c Media, Communications and Networking	268	268
5.e Publications	8	8
5.f Contributions to UN and other Committees	27	27
5.g Participation in and Hosting of Meetings	5	5
TOTAL	3 006	3 006

¹ Includes USD 21 000 for non-project related travel for all departments.



1999 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT
Management and Personnel Services Department (MD)
(USD '000)

	Office of the Assistant President	Administrative and Protocol Services Division	Headquarters	Office of the Secretary	Management Information Systems	Personnel Division	Totals (MD)
1. Governing Bodies and Other Official Meetings		293	0	1 473	19	0	1 785
1.a Governing Council		212	0	302	12	0	526
1.b Executive Board		81	0	1 171	7	0	1 259
2. Staff Costs	262	1 813	0	2 754	1 498	2 649	8 976
2.a 2.e Regular and Fixed-Term Staff ¹	256	1 701	0	2 645	1 375	1 597	7 574
2.f Relocation and Recruitment ²	0	0	0	0	0	415	415
2.g Short-Term Temporary Staff ³	3	62	0	100	110	187	462
2.h Overtime	3	50	0	9	13	11	86
2.i Training ²						439	439
4. Office and General Expenses	8	49	2 470	82	2 628	57	5 294
4.a Headquarter Expenses		0	2 470	0	2 199	5	4 674
4.b Professional Services	0	47	0	0	427	0	474
4.c Miscellaneous	8	2	0	82	2	52	146
5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	6	54	0	380	17	48	506
5.a Duty Travel	6	8	0	33	17	18	82
5.e Annual Report	0	21	0	116	0	0	137
5.f Publications	0	25	0	201	0	0	226
5.g Contributions to UN and other Committees	0	0	0	0	0	30	30
5.h Participation in and Hosting of Meetings	0	0	0	30	0	0	30
TOTAL	276	2 210	2 470	4 689	4 162	2 754	16 561

¹ Figure indicated under Personnel Division covers allocation for all departments for After-Service Medical Coverage (USD 517 000) and merit pay scheme (USD 31 000).

² Figure indicated under Personnel Division covers allocation for all departments.

³ Figure indicated under Personnel Division includes an allocation of USD 109 000 for maternity leave for all departments.

