



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Executive Board – Seventy-Fourth Session**  
Rome, 5-6 December 2001

**PROGRAMME OF WORK AND ADMINISTRATIVE BUDGET**  
**OF IFAD FOR 2002**



## TABLE OF CONTENTS

	<b>Page No.</b>
<b>I. OVERVIEW</b>	<b>1</b>
<b>II. INTRODUCTION</b>	<b>1</b>
<b>III. IFAD STRATEGIC FRAMEWORK FOR 2002-2005</b>	<b>2</b>
<b>IV. REVIEW OF RESOURCES AND COMMITMENTS</b>	<b>3</b>
<b>V. PROGRAMME FOR WORK FOR 2002</b>	<b>6</b>
A. Loan Programme	6
B. Proposed 2002 Grant Programme	16
<b>VI. MAJOR ISSUES AFFECTING THE 2002 ADMINISTRATIVE BUDGET</b>	<b>18</b>
<b>VII. THE 2002 ADMINISTRATIVE BUDGET</b>	<b>19</b>
A. Governing Body and Other Official Meetings	22
B. Staff Costs	23
C. Programme Activities and Studies	27
D. Office and General Expenses	28
E. Other Operational Expenses, Including Corporate Strategy, Policy and Resource Mobilization	32
<b>VIII. PROGRAMME DEVELOPMENT FINANCING FACILITY</b>	<b>33</b>
<b>IX. RECOMMENDATION</b>	<b>36</b>
 <b>ANNEXES</b>	
<b>I. PROGRAMME MANAGEMENT DEPARTMENT WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE</b>	<b>37</b>
<b>II. PROGRAMME MANAGEMENT DEPARTMENT – LOAN PROGRAMME</b>	<b>38</b>
<b>III. PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS</b>	<b>39</b>
<b>IV. 2002 BUDGET ANALYSIS BY DEPARTMENT</b>	<b>40</b>



## **PROGRAMME OF WORK AND ADMINISTRATIVE BUDGET OF IFAD FOR 2002**

### **I. OVERVIEW**

1. At its Seventy-Third Session, the Executive Board reviewed the Preview of the Programme of Work and Administrative Budget of IFAD for 2002 (document EB 2001/73/R.9). The present document outlines the proposed Programme of Work and Administrative Budget of IFAD for 2002, which takes account of recommendations received. It has also been updated on the basis of recent events and the changes proposed by management.
2. The draft revised strategic framework currently under preparation will be shared with the Executive Board once completed.
3. The proposed programme of work for 2002 amounts to SDR 354.5 million, or USD 450 million, using the traditional format (see Table 3A). This includes a lending programme of USD 416.2 million, a grant programme of USD 20.7 million and the amount of USD 13.1 million to cover items transferred from the grant programme to the Programme Development Financing Facility (PDFF). During the course of 2002, the level of the programme of work will be reviewed at each session of the Executive Board with a view to adjusting the level in accordance with the Fund's resource position.
4. Following approval of the PDFF by the Twenty-Fourth Session of the Governing Council, the Executive Board is now requested to approve an allocation to the facility of USD 26.7 million for 2002. Work is going forward on the development of guidelines and procedures for the use of the PDFF.
5. As proposed to the Seventy-Third Session of the Executive Board in September 2001, it is recommended that the President of IFAD be authorized to reallocate funds among administrative budget categories, thus providing for more flexibility and effectiveness in the use of resources.

### **II. INTRODUCTION**

6. Progress in global poverty reduction has been erratic over the last decade. As noted in IFAD's *Rural Poverty Report 2001*, the excellent progress made in the 1970s and 1980s in large parts of Asia has been partly set back by slowdowns and even reversals in South and South-East Asia. The situation in Africa, especially in sub-Saharan Africa, has worsened and progress in Latin America has stalled. Ten of the 25 years (1990-2015) for reaching the Millennium Development Goals (MDGs) have already elapsed, but less than 20% of the poverty-reduction target has been reached. There is clearly a need to do more.
7. The challenges in terms of poverty reduction are enormous. Three quarters of those in extreme poverty, numbering some 900 million, live in rural areas. Their poverty situation is more complex than ever before and is caused by an evolving matrix of local and international economic and institutional factors. Nevertheless, development assistance from donor countries has considerably declined, particularly for the rural poor and for agriculture, which is what the majority of the rural poor depend on for their livelihoods.



8. Today, there is growing concern about increased inequality across countries, among the rich and the poor, the rural and the urban, and within regions of countries. Unequal access to education and information are creating wider gaps. More and more of the poor in rural areas do not have access to land, the primary asset for ensuring a steady income and food security. While movements for land reform, decentralization and democratization are gaining momentum, efforts to implement poverty-reduction measures are stalling in the face of unsuitable institutional arrangements and inadequate resource availability. Clearly, the challenge is to ensure that the poor have access to resources (land and non-tangible assets), and to empower them so that they themselves can take on the challenge of rising out of poverty.

9. Efforts to meet the MDGs are also being constrained by emerging health concerns. The most challenging of these concerns is the enormous human loss caused by HIV/AIDS. In terms of manpower, this imposes a high cost on African – and increasingly some Asian – countries. The loss of mostly working-age populations is causing a sharp decline in agricultural production and productivity. The costs of caring for the sick and the dying are equally staggering.

10. Constraints are emerging side-by-side with the new opportunities offered by globalization. The benefits offered by the spread of the market do not necessarily extend to the rural poor, who lack capital and integration into the market economy. The rural poor must be supported to take advantage of the spread in the global market economy.

11. Institutions are adapting, often with a lag, to changes in the global environment. Empowerment in the context of globalization increases the ability of the poor to interact, on the same footing, with all other actors in the market place. This process involves providing access to markets, and the restructuring of social and economic structures. Issues of governance – the ability and willingness of governments to deliver development benefits to the poor, and the skills required to extend such benefits to the poor – are important elements for reaching the MDGs.

12. Understanding these forces in the context of specific regions and countries is critical for developing a framework approach, for ensuring that limited resources are used to their maximum potential, and to see that leverage and catalytic roles enhance the effectiveness of limited resources. IFAD's effort to develop a medium-term strategic focus is geared to achieving a position of strength to take on these emerging challenges.

### **III. IFAD STRATEGIC FRAMEWORK FOR 2002-2005**

#### **Development of the Strategic Framework for 2002-2005**

13. IFAD's current strategic framework (*Meeting Challenges in a Changing World: IFAD's Corporate Strategy 1998-2001*) comes to the end of its operational life in 2001. The vision, the mission and the thrusts of the current strategy were adopted in response to the challenges faced by IFAD in the mid-1990s, as outlined in the Report of the Rapid External Assessment of 1994. With the conclusion of the current strategy, IFAD is now in the process of revising its strategic focus for 2002-2005.

14. To that end, a retreat was held in July 2001 to launch the process of shaping IFAD's strategic framework for 2002-2005, with the participation of more than 40 senior and middle managers from the Fund. Steps are being taken to ensure that all staff members of IFAD have the opportunity to contribute towards shaping the strategy.

15. The conditions in which IFAD pursues its mandate have changed. The MDGs have been adopted, the shift in favour of country-led programming (e.g. Poverty Reduction Strategy Papers) has



been consolidated, and the operations of many of IFAD's key partners have been significantly decentralized. It was the need to reflect these changes in IFAD's strategy and operations that has prompted the drafting of a new strategic framework for 2002-2005.

16. The revised strategic framework will show how IFAD intends to maximize its contribution to accelerated rural poverty reduction to meet the MDGs. As part of its efforts to help reduce global poverty, IFAD will concentrate on catalyzing a much greater national and international commitment to effective, sustainable measures for rural poverty reduction and focusing on ways to help the rural poor develop and maintain better livelihoods (access to resources, enhanced influence in institutions, and a conducive policy environment).

17. While country-level programmes continue to be the major thrust of IFAD activities, greater attention will be paid to eliminating the main growth obstacles facing the poor, to partnership development and to the development and sharing of knowledge. Enhanced policy dialogue and partnership development will be pursued at the country and international levels, supported by more outward-oriented headquarters-level knowledge management and sharing. The revised strategic framework will set out the objectives to be operationalized through the regional strategies and the annual programme of work and administrative budget.

### Strategic Change Programme (SCP)

18. In July 2001 an external assessment was made of the Process Re-engineering Programme (PRP). One of the main findings of the assessment was that the programme needed clearer focus, priorities and ownership by staff. In consideration of its alignment with the Strategic Framework 2002-2005, it was decided to change the name of the PRP to 'Strategic Change Programme' (SCP). The SCP should result in more efficient and effective delivery of the Fund's activities within the new strategic framework.

## IV. REVIEW OF RESOURCES AND COMMITMENTS

19. **Commitment levels 1996-2002.** The loans and grants approved by the Executive Board during the period 1996-2000, those projected for 2001 and the proposed programme of work for 2002 are presented below:

**TABLE 1: LOANS AND GRANTS APPROVED (EXCLUDING CANCELLATIONS)  
IN 1996-2000; PROJECTED FOR 2001; AND PROPOSED FOR 2002**

	1996	1997	1998	1999	2000	2001 Projected	2002 Proposed
Number of loans	32	29	30	29 <sup>1</sup>	27	25	27
	(SDR million, rounded up)						
Total value of loans	275	288	304	307	312	318	328
Total value of grants <sup>2</sup>	19	23	24	25	25	24	16 <sup>3</sup>
<b>Total value of loans and grants</b>	<b>294</b>	<b>311</b>	<b>328</b>	<b>332</b>	<b>337</b>	<b>342</b>	<b>344</b>

20. It will be recalled that the Seventy-First Session of the Executive Board in December 2000 approved a programme of work for 2001 amounting to SDR 307.2 million, or USD 394 million. That figure, which was well below the target level of USD 450 million in real terms, was a consequence of the delay in completing the Fifth Replenishment and the effects of uncertain financial markets. Executive Board approval of approximately USD 394 million level was given on the understanding

<sup>1</sup> This excludes SDR 9 million postponed from 1998 for the Forest Resource Management Project in Zambia.

<sup>2</sup> In 1995-2001, grants included Project Development Fund (PDF).

<sup>3</sup> As of 2002, PDF, the Accelerated Project Performance and Other Project Implementation Support (APPP), Environmental Assessment (EA) and Special Operations Facility (SOF) will become part of the PDPF.



that the matter would be further reviewed during the course of 2001 with a view to increasing the level of the programme of work in the event further resources became available for commitment.

21. In February 1997, the Governing Council adopted Resolution 100/XX, which established the Advance Commitment Authority (ACA) authorizing the Executive Board to compensate, session-by-session, for fluctuations in the resources available for commitment. The understanding was that use of the ACA would be limited to three years of expected reflows of loan principle and interest, namely, approximately USD 540 million.

22. Given that the Fifth Replenishment was completed in February 2001, the level of the programme of work for 2001 was reviewed at the Seventy-Second and Seventy-Third Sessions of the Board in April and September 2001, respectively, and the final level is now expected to be close to USD 440 million. The ACA was used for the first time in 2001.

23. The events of 11 September 2001 and their aftermath have created further uncertainty. In particular, there is concern about the depth and duration of the downturn in the global economy and its consequences for the financial markets that affect IFAD's resource position. At the same time, the economic downturn is likely to slow down the rate of poverty reduction in many countries and even increase it further in the more vulnerable areas of the developing world.

24. In view of the foregoing, it is proposed that the programme of work for 2002 should be planned at USD 450 million in nominal terms, subject to review during the course of next year. The critical element in deciding whether to adjust the work programme level, either up or down, will be on the basis of criteria for the use of ACA in 2002, bearing in mind the overall limit for ACA of three years of reflows.

25. Important new opportunities for addressing the poverty situation have emerged in recent years, especially following the commitment taken by world leaders at the Millennium Summit in September 2000 to halve the proportion of those in extreme poverty by 2015. Therefore, IFAD management sincerely hopes that sufficient resources will become available to enable it to restore the programme of work for 2002 to the traditional target level of USD 450 million in real terms.

26. Table 2 gives projections of resources to the end of 2003, both in millions of United States dollars and of SDRs.

**TABLE 2: PROJECTED RESOURCES FOR COMMITMENTS, 2000-2003**

	USD million				SDR million			
	Actual 2000	Forecast 2001	Forecast 2002	Forecast 2003	Actual 2000	Forecast 2001	Forecast 2002	Forecast 2003
Computable resources at the beginning of the year <sup>4</sup>	272	68	0	0	198	51	0	0
Exchange rate adjustments	7	(28)	0	0	17	(16)	(3)	0
Provision on existing contributions	(4)	14	0	0	(3)	11	0	0
Loan cancellations	114	15	50	50	88	12	39	39
<b>Resources adjusted</b>	<b>389</b>	<b>69</b>	<b>50</b>	<b>50</b>	<b>300</b>	<b>58</b>	<b>36</b>	<b>39</b>
Loan reflows	178	170	180	180	135	133	142	142
Investment income/(loss)	(47)	(95)	100	100	(36)	(75)	79	79
PDFF <sup>5</sup>	0	0	(27)	(28)	0	0	(21)	(22)
Operating expenses <sup>6</sup>	(46)	(54)	(42)	(44)	(37)	(42)	(34)	(35)
Strategic Change Programme <sup>7</sup>	(1)	(1)	(6)	(10)	(1)	(1)	(5)	(8)
Members' contributions:								
Third Replenishment	0	1	0	0	0	1	0	0
Fourth Replenishment	57	19	6	3	41	17	5	2
Fifth Replenishment <sup>8</sup>	5	105	124	127	3	75	98	100
Provision for After-Service Medical Scheme	(3)	(4)	(4)	(4)	(2)	(3)	(3)	(3)
Provision for the Debt Initiative for Heavily Indebted Poor Countries (HIPC)	(7)	(4)	(20)	(20)	(5)	(3)	(16)	(16)
<b>Resources after expenses</b>	<b>525</b>	<b>206</b>	<b>361</b>	<b>354</b>	<b>398</b>	<b>160</b>	<b>281</b>	<b>278</b>
Commitments for loans and grants <sup>9</sup>	(457)	(429)	(437)	(437)	(347)	(334)	(344)	(344)
<b>Resources before ACA</b>	<b>68</b>	<b>(223)</b>	<b>(76)</b>	<b>(83)</b>	<b>51</b>	<b>(174)</b>	<b>(63)</b>	<b>(66)</b>
ACA <sup>10</sup>	0	223	76	83	0	174	63	66
<b>Committable resources at the end of the year</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>4</sup> 'Committable resources' are defined as being net of previous loan commitments and taking into account use of ACA.

<sup>5</sup> Based on the assumption that, in 2002, USD 26.7 million will be allocated to PDFF.

<sup>6</sup> Estimated expenses in 2002 are USD 42 million.

<sup>7</sup> The project was formerly known as the 'Process Re-engineering Programme'.

<sup>8</sup> Contribution payments of approximately USD 74 million are still due to be received in 2004.

<sup>9</sup> Commitments for loans and grants have been updated with approvals at the Seventy-Third Session of the Executive Board.

The programme of work for 2002 and 2003 is estimated at USD 450 million, using the traditional format.

<sup>10</sup> The table below shows details of the use of ACA.

	USD million			SDR million		
	2001	2002	2003	2001	2002	2003
Opening balance	0	223	299	0	174	237
Net use of ACA during the year	223	76	83	174	63	66
<b>ACA to carry forward</b>	<b>223</b>	<b>299</b>	<b>382</b>	<b>174</b>	<b>237</b>	<b>303</b>

## V. PROGRAMME OF WORK FOR 2002

27. As mentioned earlier, a lower overall programme of work of USD 450 million for 2002 is proposed, using the traditional presentation<sup>11</sup> compared with the original proposal of USD 501.7 million included in document EB 2001/73/R.9 (Preview of the Programme of Work and Administrative Budget of IFAD for 2002).

### A. Loan Programme

28. **Projected lending programme for 2001.** At its Seventy-First Session in December 2000, the Executive Board approved a temporarily reduced programme of work for 2001 of SDR 307.2 million (approximately USD 394 million), inclusive of a lending programme of USD 365.1 million for 27 projects, on the understanding that the level of the overall programme of work would be reviewed during 2001. On the basis of the projects developed, the 2001 programme of work is now projected at approximately USD 440 million using the traditional presentation, inclusive of a parallel upward adjustment in the grant programme to remain within the approved 7.5% ceiling of the overall programme of work. Twenty-five projects are expected to have been submitted to the Board for approval during the course of 2001, for a total lending programme of SDR 317.6 million (USD 404.6 million).

**TABLE 3: 2001 APPROVED AND 2002 PROPOSED PROGRAMME OF WORK**

	Revised 2001 (USD million)	Originally Approved for 2001 (SDR/USD at 1.28231) (SDR million)	Originally Approved for 2001 <sup>12</sup> (USD million)	Real Increase (USD million)	Price Increase	2002 Proposed (USD million)	2002 Proposed (SDR/USD at 1.26926) <sup>13</sup> (SDR million)
Loan programme	404.6	284.7	365.1	42.8	8.3	416.2	327.9
Technical assistance grant programme <sup>14</sup>	20.1	12.6	16.1	4.2	0.4	20.7	16.3
<b>Total</b>	<b>424.7</b>	<b>297.3</b>	<b>381.2</b>	<b>47.0</b>	<b>8.7</b>	<b>436.9</b>	<b>344.2</b>

<sup>11</sup> See Table 3A "Traditional Presentation of Programme of Work and Budget vs. New Presentation Inclusive of Programme Development Financing Facility (PDFF)".

<sup>12</sup> With document EB 2001/73/R.9, the Executive Board was advised that every effort would be made to increase the 2001 programme of work. The current overall projection stands at approximately USD 440 million, with the grant programme adjusted to within USD 20.1 million (7.5% of the overall total of USD 33 million, less items transferred to the PDFF – USD 12.8 million). The grant programme may be adjusted, depending upon the lending level.

<sup>13</sup> 2002 proposed at SDR/USD exchange rate of 26 October 2001.

<sup>14</sup> Figures exclude items now shown under the PDFF. On this basis, the new grant programme is approximately 5.0% of the overall new programme of work



**TABLE 3A: TRADITIONAL PRESENTATION OF THE PROGRAMME OF WORK AND BUDGET VS. THE NEW PRESENTATION, INCLUSIVE OF PROGRAMME DEVELOPMENT FINANCING FACILITY (USD million)**

Traditional Originally Approved		New Originally Approved	
<b>2001 Programme of Work</b>	<b>393.7</b>	<b>2001 Programme of Work</b>	<b>381.2</b>
Loan programme	365.1	Loan programme	365.1
TA grant programme	28.6	Grant programme	16.1
<b>2001 Budget</b>	<b>53.6</b>	<b>2001 Administrative Budget</b>	<b>40.1</b>
		<b>2001 Programme Development Financing Facility</b>	<b>26.0</b>
<b>Total</b>	<b>447.3</b>	<b>Total</b>	<b>447.3</b>

  

Traditional Revised		New Traditional Revised	
<b>2001 Programme of Work</b>	<b>437.2</b>	<b>2001 Programme of Work</b>	<b>424.7</b>
Loan programme	404.6	Loan programme	404.6
TA grant programme	32.6	Grant programme (See Table 10)	20.1
<b>2001 Budget</b>	<b>53.6</b>	<b>2001 Administrative Budget</b>	<b>40.1</b>
		<b>2001 Programme Development Financing Facility (See Table 10)</b>	<b>26.0</b>
<b>Total</b>	<b>490.8</b>	<b>Total</b>	<b>490.8</b>

  

Proposed		New Proposed	
<b>2002 Programme of Work</b>	<b>450.0</b>	<b>2002 Programme of Work</b>	<b>436.9</b>
Loan programme	416.2	Loan programme	416.2
TA grant programme	33.8	Grant programme (See Table 10)	20.7
<b>2002 Budget</b>	<b>55.9</b>	<b>2002 Administrative Budget</b>	<b>42.3</b>
		<b>2002 Programme Development Financing Facility (See Table 10)</b>	<b>26.7</b>
<b>Total</b>	<b>505.9</b>	<b>Total</b>	<b>505.9</b>

29. **The 2002 lending programme.** On the basis of the traditional presentation of the 2002 programme of work planned at USD 450 million, some 27 projects are expected to be submitted for approval during the course of the year, for a total of SDR 327.9 million (USD 416.2 million). The recommended regional allocations for 2002 are in line with the Report of the Chairman of the Ad Hoc Committee on Regional Allocations (document CRR I/3/R.5). Annex II of the present document provides information on the regional proportions.

30. Despite a general economic slowdown in developing countries, there are wide variations in economic performance by region. There has been a notable economic recovery in Western and Central Africa thanks to improvements in macroeconomic and sectoral incentive frameworks, whereas in Eastern and Southern Africa, insecurity, macroeconomic instability and structural problems have exacerbated the poverty situation. Although the Asia and the Pacific region has maintained a reasonable rate of economic growth, rising income inequality is becoming a major problem. Countries in Latin America and the Caribbean continue to suffer from political and economic instability, and the slowdown of the United States economy is having a negative effect on the region's exports. Economic growth rates have been encouraging for the Near East and North Africa subregion, whereas the rural poor in the countries of Eastern Europe and the former Soviet Union are still beset by weak institutions and poor services. The enhanced Debt Initiative for Heavily Indebted Poor Countries (HIPC) is intended to deliver deeper and more rapid debt relief, particularly to heavily indebted countries in Africa. However, the heavy orientation of this initiative to social service expenditure will need to be offset by greater attention to the material livelihoods of the rural poor.



31. Owing to differences in the types of constraints encountered and in opportunities for poverty reduction, the lending strategies of regional divisions show some variations in their emphasis on thematic areas. However, a very high degree of commonality exists among the regional divisions' major focus. The six major strategic areas identified by most regions for investment in 2002 include: (a) gender mainstreaming/empowerment of women; (b) improved access of the poor to productive resources such as land, water and forests; (c) capacity building of grass-roots organizations; (d) participatory natural resource management (NRM); (e) sustainable rural finance systems; and (f) decentralization. This emphasis is consistent with the spirit of IFAD's *Rural Poverty Report 2001* and the regional poverty assessments undertaken by the regional divisions. It is important to note, however, that the divisions will adopt different approaches to meet the same strategic objectives. For example, for the empowerment of women, the priority of the Western and Central Africa region will be on meeting the specific knowledge needs of women farmers; in the Asia and the Pacific region, the emphasis will be on empowering women to be agents of change by enhancing their decision-making roles at the household and community levels.

32. Other important strategic areas that have been accorded high priority in IFAD's lending programme include the development of indigenous people, technology development for marginal/dryland areas, post-conflict management, rural infrastructure development, and knowledge networking. The focus on indigenous people will be greater for Latin America and Asia, where they constitute a significant proportion of the total population. Other thematic areas may be more important to a particular region. For example, AIDS has emerged as a major threat to the livelihood systems of rural people in Africa. IFAD has a role to play in assisting communities and families to cope with the potentially devastating economic and social effects of this disease. Details of the lending strategies for various regions are given below.

33. While there is a large degree of diversity in the approaches followed by the Fund's regional divisions, technical assistance (TA) grants play, and will continue to play, a key role in fostering impact management, policy dialogue and knowledge management. Such grants are an innovative feature of IFAD and have great potential for improving the implementation of the Plan of Action.

## **Western and Central Africa (Africa I Division)**

### ***Socio-Economic Trends***

34. Historically, progress in Western and Central Africa has been poor with regard to per capita income growth, agricultural performance and rural poverty alleviation. Political instability and civil strife in a number of countries have exacerbated this situation. Yet, since the early 1990s, there has been a notable recovery in many countries, largely thanks to improvements in macroeconomic and sectoral incentive frameworks. Structural adjustment and market liberalization have opened up new opportunities, and governments are increasingly moving towards more decentralized systems for decision-making on resource mobilization and expenditure. However, the resulting benefits are not always evenly distributed, and the rural poor risk being left behind in the absence of well-targeted rural development investments. While liberalization has largely succeeded in removing government from those roles in agricultural production and marketing that are best taken care of by private actors, progress has been much slower in improving capacity to handle the roles that only government can fill.

35. Several recent developments, all of which have potentially important implications for IFAD programming in the region, are to be noted. Unlike the original Debt Initiative for HIPC, the enhanced Debt Initiative promises to deliver deeper and more rapid debt relief. As most eligible countries are situated in the Western and Central Africa region, the enhanced Debt Initiative and the accompanying poverty-reduction strategy process could lead to more and better targeting of pro-poor investments. It also holds promise for overcoming arrears problems in a number of countries.



36. While the prevalence of HIV/AIDS has been historically more pronounced in Eastern and Southern Africa, figures are growing at alarming rates in Western and Central Africa.

37. Finally, within the last year, peace agreements have been signed in several countries affected by conflict, and there is a degree of optimism that development activities can resume. Given that conflict is a major factor that increases poverty and vulnerability and that about 20% of the region's population live in countries affected by conflict, this has direct implications for IFAD's portfolio development and for allocations in the region.

### *Opportunities for IFAD*

38. IFAD has made major investments in decentralization and community-based rural development programmes. It particularly targets mechanisms to ensure that decentralization is pro-poor and that 'hard' infrastructure investment is supplemented by 'soft' investment in management training – to build effective ownership – so that infrastructure is properly maintained and decision-making is open and transparent. Now that IFAD has several years' experience with these programmes, a priority in 2002 will be to identify lessons from its implementation experience in order to increase effectiveness.

39. Research and extension agencies and donor projects have often ignored the needs of the most important food-crop farmers – women. The lack of effective outlets for women farmers to voice their concerns has made it easy to ignore them. Research/extension can only succeed if it is driven by client priorities: if more than half the clients are women, their problems must be explicitly addressed. For this reason, tailoring project interventions to the specific constraints of women is a central element of programmes in the region. A strategic mix of loans and grants enables IFAD to create synergies in improving the access of poor farmers to productivity-enhancing technology.

40. Regarding post-conflict situations, the Fund will continue to monitor the arrears settlement agreements that have been signed with a number of countries and to be proactive in seeking the right moment to conclude new agreements. Successful implementation of the Enhanced Debt Initiative for HIPC should contribute to the success of these efforts. IFAD also intends to make more strategic use of grants to develop a country presence and respond to serious needs in the process of relaunching loan programmes.

### *Strategic Operating Directions*

41. Four related, mutually enforcing strategic objectives will be pursued in the design and implementation of IFAD-supported regional programmes: strengthening the capacity of the rural poor and their organizations; improving the pro-poor focus of rural development policies, institutions and service providers; raising agricultural and natural-resource productivity and rural incomes; and reducing vulnerability to major threats to rural livelihoods.

42. In its investment orientation and pursuit of development objectives in Western and Central Africa, in 2002, IFAD will give first priority to initiatives in the following technical areas: (a) sustainable agricultural development, with particular emphasis on the needs of women and youth; (b) rural financial services that reach isolated populations that previously had no access to financial markets and that are well integrated into the national financial-sector framework; (c) capacity-building in support of local development; and (d) provision of basic infrastructure. Two emerging thematic areas will take on increased importance in the future: post-conflict assistance and HIV/AIDS prevention.



43. To achieve its objectives, the Fund will strive to: ensure effective IFAD presence at the field level through maintenance of full lending levels; support programmes driven by beneficiary participation; monitor project progress through the portfolio management system; and develop its own human resources through professional- and support-staff training.

### ***Lending Programme***

44. Seven projects are planned for 2002, for total lending of USD 76.5 million. The figure may increase slightly depending on project size. Four of these projects will be initiated by IFAD and three by cooperating institutions. They will be focused in the areas of community-based rural development and grass-roots capacity-building, income-generating activities, agricultural marketing, NRM and rural finance.

## **Eastern and Southern Africa (Africa II Division)**

### ***Socio-Economic Trends***

45. The entire region, with the exception of South Africa and Mauritius, is one where the majority of the population is rural and lives in extreme poverty. Agriculture is at the heart of rural livelihoods, and smallholder agriculture remains the most important production system. Thus, poverty is a mainline, core, social and economic phenomenon. Nowhere in the region are there clear indications that these basic structural facts will change in the medium term.

46. Overall, the poverty situation is not improving – although Uganda shows progress and much of Ethiopia (the region's most populous country) is enjoying improved food security. Insecurity and macroeconomic instability are part of the explanation, but beyond these factors there are very important structural problems. Most of the region has made a commitment to fundamental change in the relations between state and society, embracing both political and economic liberalization.

47. National governments are facing tangible difficulties in pushing through the reform agenda to create a space for civil society and the private sector to build new, sustainable, market-based answers. International assistance is not helping as much as it should. The Debt Initiative for HIPC and poverty reduction strategy papers remain heavily oriented to social service expenditure. This must be balanced by greater attention to the material livelihoods of the rural poor.

### ***Opportunities for IFAD***

48. The concern with rural poverty issues has faltered, and insufficient attention is being paid to moving Africa out of the transition and towards a viable process of rural poverty reduction within the agreed reform framework. IFAD has a vital contribution to make in rectifying this situation in that it has acquired unique experience in identifying and confronting the problems and opportunities facing the rural poor in the regional unfolding of globalization and political transformation. It has also emerged as one of the major contributors to the rural development effort. IFAD has the opportunity both to put rural development more firmly on the development policy agenda and to give material support to key processes of regulatory and institutional change.

### ***Strategic Operating Directions***

49. The medium-term goal is to establish IFAD as:

- (a) the point of reference in overall strategies for rural poverty reduction for Eastern and Southern Africa in international, regional and national fora;



- (b) the focal point for the development of stakeholder policy dialogue on rural development for poverty reduction involving civil society and the private sector;
- (c) the leader in putting together innovative, major programmes addressing key development bottlenecks confronting the 'business life' of the rural poor;
- (d) the point of first call for guidelines on addressing policy and operational issues in providing effective assistance to the rural poor in selected areas; and
- (e) the driving force in turning good policy and plans into programmes that actually make an impact at the level of the rural poor.

50. IFAD will move towards attaining these objectives in the region by focusing its resources within a strategic framework. To acquire status as a policy and knowledge centre of excellence, it must focus resources in such a way as to gain depth of experience, knowledge and bargaining power. For this to have impact means working in fewer thematic areas: the promotion of efficient and equitable farmer-to-market linkages; the building of sustainable financial systems for the rural poor; support for improved access by the rural poor to land and water; and the promotion of rural technology and information systems. At the same time as promoting their economic empowerment, IFAD will also be working to counter exogenous threats to the livelihoods of the rural poor, and it will focus particularly both on community-based responses to the HIV/AIDS pandemic and, in certain countries, on responses to post-conflict situations.

51. In pursuit of this strategy, IFAD will:

- (a) maintain a level and direction of programme lending that will provide an adequate basis for participation in policy and institutional dialogue;
- (b) raise the level of partnership in policy advocacy and programme design and financing;
- (c) actively support, and in some cases lead, knowledge networking both within IFAD and among stakeholders in selected thematic areas;
- (d) focus resources and activities in the key substantive areas identified above, involving those that assist national stakeholders in implementing key changes both in the policy and institutional frameworks and in the assets immediately in the hands of the rural poor; and
- (e) rationalize resources in support of programme implementation and raise the level of effective reporting on achievements in generating sustainable answers in IFAD-supported activities.

### ***Lending Programme***

52. Five programmes/projects are planned for presentation to the Executive Board in 2002. The total value of the IFAD loan commitment will be approximately USD 76.5 million. The majority of cases will reflect a strategic shift away from projects towards programme operations. In 2002, operations will be planned and assessed with regard to complementation of different 'types' of activities – programme development and implementation, policy dialogue, partnership development and knowledge management.



## **Asia and the Pacific**

### ***Socio-Economic Trends***

53. The overall economy of Asia achieved high growth rates in 1999 (6.3%) and 2000 (7.1%). While the growth rate is projected to decline to 5.6% in 2001 as a result of the global slowdown, it is expected to bounce back to 6.2% in 2002. South Asia (including India) and China have continued to achieve high growth rates of 5.4% and 7.0%, respectively, in 2001. However, poverty levels in these countries remain high and income disparities are increasing, both between the rural and urban areas and between marginalized and advantaged ones. Among the rural populations in Asia hardest hit by the process of marginalization are those living in the uplands and mountains: indigenous people, women and other marginalized populations in these areas. The process of marginalization has led to social exclusion, rapid environmental degradation and political instability, which in turn are giving rise to violence in Bangladesh, north-eastern India, Indonesia, Nepal, Pakistan, The Philippines and Sri Lanka. The increasing feminization of agriculture means that fewer girls receive an education, leading to the recycling of rural poverty. The remoteness and diversity of the upland and mountainous areas places a premium upon decentralized, participatory and iterative approaches to programme development and execution in order to achieve sensitivity to local conditions.

### ***Opportunities for IFAD***

54. Mainstream-oriented development policies have led to the marginalization of upland dwellers and minority groups, resulting in severe socio-economic distress, environmental degradation and political instability in the areas inhabited by these populations. It is imperative that improved quality of life as a result of development should extend equally to all segments of society. Since, in Asia, the poorest of the poor live in marginal upland areas, IFAD will focus on these areas, as well as on indigenous people and women.

55. Past experience has shown that improved gender relations have a significant impact on the rural poor. Gender mainstreaming and empowering women to be agents of change will provide an opportunity to promote strategic interventions in favour of the rural poor. Greater efforts will be made to enhance the resilience of poor rural households to withstand external economic shocks by improving their access to productive assets, including land, and common property resources such as forests and water. Within this framework, emphasis will be placed on regenerative farming and forestry systems, and rural finance for on- and off-farm activities and for improving rural infrastructure. Similarly, increased support will be provided for local capacity building to strengthen local institutions, promote decentralization and enable rural communities to improve their livelihoods in a sustainable manner.

### ***Strategic Operating Directions***

56. The major thrusts in the Asia and the Pacific region in 2002 will be to achieve the following:
- (a) development of a solid constituency within governments, civil society (including non-governmental organizations (NGOs)) and communities to promote a pro-indigenous, pro-upland poor and pro-gender-sensitive policy, with strong emphasis on a multi-stakeholder approach to project design and implementation;
  - (b) greater and significant representation of women at the various decision-making levels (project directors, committee members) and their acknowledgement as agents of change in their communities;
  - (c) deeper understanding and skills gained by IFAD and project staff with regard to conflict resolution and peace-making initiatives;



- (d) deeper understanding acquired by IFAD, its collaborators and project staff as to how and when the blending of indigenous knowledge and modern technology may be undertaken most effectively;
- (e) a clearer understanding of the methodology for estimating the numbers of IFAD project beneficiaries that have moved above the poverty line. This will also make it possible to determine the extent of IFAD's contribution towards achieving the MDG of reducing poverty;
- (f) IFAD acknowledged as a knowledge centre of excellence in terms of the challenge of, and opportunities for, working with indigenous peoples and enhancing their capabilities; and
- (g) operationalization of the new concept that the upland poor are environmental service providers and, as such, should be compensated by global market forces.

### ***Lending Programme***

57. Only six projects are planned for submission to the Executive Board in 2002, with a regional lending allocation of approximately USD 129.1 million. Higher loan amounts will be proposed for interventions of longer duration, based on the principles of the flexible lending mechanism (FLM). Despite a reduced lending frequency to borrowing countries, the lending level per country is expected to remain unchanged over the long term. This will make it possible to dedicate more time to implementation-related issues and other Action Plan-related activities, as well as to assessing/demonstrating the impact of the Fund's operations and promoting the replication and scaling up of successful initiatives in collaboration with like-minded partners.

## **Latin America and the Caribbean**

### ***Socio-Economic Trends***

58. The political and economic instability that began in 1999 and 2000 in the Latin America and the Caribbean region, particularly in the Andean countries, is expected to continue in 2002, thereby generating a difficult and complex setting for rural poverty-alleviation efforts in the area. One of the most negative factors affecting the entire region is the slowing down of the United States economy, which has lowered the demand for the region's products and affected the livelihoods of small producers. In addition, political uncertainties arising from elections in several countries might affect economic policies, social investment and investor confidence.

59. In the Central American subregion, El Salvador is still recovering from the devastating earthquake that hit the country at the beginning of 2001. The economies of other Central American countries are expected to grow moderately, with most of them facing a drop in the value of their exports (such as coffee) and the price of basic grains. The eastern Caribbean countries will continue with the reform of their agricultural sectors to compensate for income losses caused by the drop in banana exports.

60. The poor in the region, and the rural poor in particular, continue to suffer major problems. It is estimated that 44% of the region's population still lives below the poverty line. The rural poor will be worse off than those living in the towns and cities, and an estimated 63% of those in the rural areas live below the poverty line. The situation may deteriorate even further due to economic instability and the slowing down of most economies in the region.



### *Opportunities for IFAD*

61. Renewed awareness on the part of the international financial community with regard to poverty alleviation and rural development in the region has opened up possibilities for new, active and systematic dialogue with the Inter-American Development Bank and World Bank. This process is also shared with a number of multilateral and bilateral development institutions, such as the Food and Agriculture Organization of the United Nations (FAO), the Economic Commission for Latin America and the Caribbean, the Inter-American Institute for Cooperation on Agriculture, the German Agency for Technical Cooperation, and national and regional NGOs involved in rural development. While common policies have been identified, much remains to be done to improve partnerships in order to arrive at a set of common objectives and agree on institutional policies and actions.

62. In its regional lending and TA grant programmes proposed for 2002, IFAD will accord high priority to consolidating new strategic objectives to overcome current problems and maintain the following medium-term strategic goals:

- (a) linking rural poverty-alleviation initiatives to the incipient decentralization efforts that strengthen local communities in decision-making and autonomous resource management;
- (b) supporting the development initiatives of indigenous populations in order to strengthen their organizations and value systems;
- (c) improving the competitive capacity of small-scale poor rural producers and microentrepreneurs;
- (d) strengthening the capacity of grass-roots organizations to deliver development services to the rural poor; and
- (e) improving in-depth gender analysis and training.

### *Strategic Operating Directions*

63. In order to maximize its poverty-reduction and rural development impact, IFAD will focus on the following strategic thrusts:

- (a) **Human capital.** This thrust relates directly to sustainable income improvement and the integration of marginal poor populations into the relevant social and economic mainstream.
- (b) **Agricultural and non-agricultural product competitiveness.** Global markets have created both challenges and opportunities for the rural poor. IFAD will create and strengthen links among target populations and technology-generation systems, technology-delivery services, financial markets, private enterprises and local, national and international markets.
- (c) **Sustainable agricultural production and natural resource use.** The deterioration of natural resources is a major problem in rural Latin America and the Caribbean. Ecological and economic sustainability are necessary conditions for long-term agricultural and rural development.
- (d) **Gender equality** is a prerequisite for fair, democratic and sustainable rural development processes.





- (e) **Empowerment of the rural poor** will lead to active partnerships among government, civil-society organizations and rural grass-roots organizations.

### *Lending Programme*

64. Four projects are planned for submission to the Executive Board in 2002, for a total of USD 70.9 million. These interventions will focus on: (a) microenterprise development; (b) indigenous populations; (c) NRM in dry lands; and (d) development of financial systems to support rural productive investments.

## **Near East and North Africa**

### *Socio-Economic Trends*

65. The countries of this region include traditional borrowers of the Near East and North Africa (NENA) plus transition countries in Central and Eastern Europe and the newly independent states (CEN).

66. For the NENA countries, recent economic growth rates have been encouraging. This is especially true in the industrial and service sectors of these economies, where many new jobs have been created. Likewise, increased interregional trade among Arab states and with the European Union has become an important path of economic opportunity.

67. While most northern African and Middle Eastern countries that borrow from IFAD are viewed as middle-income states, an estimated 85 million people (about 30% of the total population) live below the USD 2 per day poverty line, and 60-70% of these people depend on agriculture for their livelihood. Underlying this phenomenon is the region's continued vulnerability to natural resource constraints. This was highlighted in recent years as several countries in the subregion suffered from the lasting effects of the worst recorded droughts in decades: lost income and employment, reduced food availability and associated price rises.

68. **CEN subregion.** In the countries of Eastern Europe and the former Soviet Union, rural poor families still face weak institutions and very low-level services. Since the beginning of the transition, there has been an overall deterioration of the rural situation throughout the subregion. The dismantling of large-scale state farms and the deteriorating financial conditions of those remaining have significantly reduced the resources available for social services and rural infrastructure.

69. Transition economies are set in the context of an abrupt termination of central planning and state services, including a reduction in public-sector spending and the dissolution of production chains and marketing and distribution channels at the regional and local levels. Although conditions vary from country to country, farmers across the subregion have come to realise that access to markets, credit, fertilizer and appropriate technologies is critical to success in the new economy. These services no longer exist or are inappropriate to the needs of newly privatized smallholder agriculture.

### *Opportunities for IFAD*

70. **NENA subregion.** The focus of operations will continue to be on participatory NRM, gender mainstreaming, development and promotion of improved technologies for marginal and dryland areas, decentralization, post-conflict management, and knowledge sharing through networking. Participatory NRM provides an entry point for IFAD support to building up the capacity of grass-roots organizations and NGOs that are more flexible and responsive than formal government structures to adopting innovative approaches. The establishment of beneficiary organizations, including rangeland



and water user associations and cooperatives, continues to be a central mechanism for facilitating sustainable delivery of project benefits.

71. **CEN subregion.** IFAD will continue to focus its operations on support for institutional development, market-oriented growth, sustainable rural financial services and basic infrastructure. Thus far, IFAD-supported activities have been successful in developing regulatory frameworks and financial services that relate to the rural poor and in promoting grass-roots organizations such as credit unions, producer/marketing associations and water user associations. In many cases, these operations have been targeted at highland and mountainous areas, where poverty is often greatest. Projects in these countries are increasingly being prepared from a long-term perspective with built-in flexibility.

### *Strategic Operating Directions*

72. In 2002, IFAD will continue to pursue its poverty-reduction strategy with emphasis on programmes that help the rural poor to overcome key natural resource constraints. As in the past, the Fund will focus on a proven strategic niche in each country, including support for projects that promote improved access to land, water, capital, information and markets. This will include support for rainfed agriculture, resource conservation, rural infrastructure development, and promotion of appropriate technologies and off-farm microenterprise activities through targeted rural financial services. By focusing support on a few strategic areas where it has a strong track record and a proven comparative advantage, the Fund aims to foster effective policy dialogue on topics of critical importance to the rural poor. As demonstrated in the past, this approach to project support has helped IFAD to leverage resources and build effective partnerships with other donors and local stakeholders.

73. The region's TA grant programme is also of strategic importance and will continue to be used to support loan operations in all the countries involved. In line with the Division's agricultural research strategy (approved in 2000), the TA research programme will help develop and validate pro-poor growth-enhancing technologies in rainfed lowlands and mountain areas, irrigated low lands and rangelands, and will support the development of enabling policy and institutional environments.

### *Lending Programme*

74. The 2002 lending programme for the region includes five IFAD-initiated projects for a total of approximately USD 63.2 million. Two of the projects expect to mobilize USD 40 million in the form of cofinancing. One additional project will be prepared as a reserve. It is also intended to provide TA grants in the areas of on-farm water management, rainfed farming, marine resource assessment, and decision-support systems for improving agricultural input efficiency.

## **B. Proposed 2002 Grant Programme**

75. As mentioned earlier in this document, the proposed TA grant programme for 2002 will amount to USD 33.8 million (SDR 26.6 million) using the traditional presentation. To maintain the PDF levels, the percentage allocation of the Other Research, Training and Other Grants category has been reduced. For 2002, therefore, the overall grant programme, excluding items transferred to the PDFF, will total USD 20.7 million. Details of the breakdown among categories are provided in Table 3B:



TABLE 3B: APPROVED 2001 AND PROPOSED 2002 TA GRANT PROGRAMME

	2001		2002	
	Originally Approved (USD million) <sup>15</sup>	% of Overall TA Grant Programme	Proposed (USD million)	% of Overall TA Grant Programme
Agricultural research <sup>16</sup>	5.44	33.77	8.55	41.30
Other research, training and other <sup>16</sup>	9.04	56.11	9.60	46.38
IFAD/NGO Extended Cooperation Programme (ECP)	1.63	10.12	2.55	12.32
<b>Total</b>	<b>16.11</b>	<b>100.00</b>	<b>20.7</b>	<b>100.00</b>

76. The Executive Board discussed the Fund's policy and strategic directions for research and training grants at its Sixty-Third and Sixty-Fourth Sessions in April and September 1998, respectively. In expressing support for the strategic directions of IFAD's policy, the Board provided guidance to sharpen the focus of the grants programme on researchable issues of direct significance to the Fund's loan portfolio. At a forthcoming session in 2002, the Board will consider a document on IFAD's policy and strategy on grant financing that will further articulate the emphasis of IFAD's investment in agricultural research on the following three areas:

- (a) technical issues bearing upon biophysical input/output relations and resource conservation in the more marginal, poorly-endowed environments;
- (b) organizational issues involving socio-economic mechanisms and incentives for maximizing use and conservation of, and returns to, smallholder assets; and
- (c) training and capacity-building that involves communication of the best technical, organizational and policy practices – as they relate to improving the implementability of IFAD-financed loan projects – to relevant institutions, including inter-governmental and non-governmental institutions and networks.

77. The focus will be on crops, livestock and aquatic production, which are key to the food security and general well-being of resource-poor small farmers, the rural landless, pastoralists and fishermen. Other areas include: time- and labour-saving technological innovations to reduce the workload of rural poor women and increase their productivity and income-generating capacity; and development, training in and introduction of improved technical and institutional practices in the management of water resources.

78. In order to realize IFAD's strategic objectives, considerable rigour has been introduced into grant identification/selection, development, implementation/supervision and impact evaluation, particularly since mid-2000. Guidelines have been developed and grant screening and selection procedures have been strengthened and applied within a competitive grants system, based on scoring against specific criteria to consider the most appropriate research and training grant ideas for entry into the pipeline.

79. The criteria clearly prescribe that grant proposals should address issues and concerns of relevance to the current and future loan portfolio and that they should: (a) lead to significant, measurable impact on IFAD's rural poor clientele; (b) have feasible, innovative approaches involving appropriate partners with established comparative advantage in the research topic; (c) have potential

<sup>15</sup> This does not include the revised grant programme targets for 2001.

<sup>16</sup> For 2001, as a temporary measure, allocations were reduced to maintain the PDF requirements within the overall grant programme, which had been lowered in line with the reduced lending programme targets.



for sustainable knowledge dissemination and uptake through downstream linkages with concerned networks and institutions; (d) contain adequate implementation and organizational arrangements, including procedures and indicators for monitoring; and (e) provide a justifiable budget, indicating that adequate resources will be available for efficient utilization and cost-effective implementation. In addition to the primary requirement of linking the grant programme to the Fund's lending activities, emphasis will also be placed on using the grant facility to support civil-society institutions, increase awareness of rural poverty issues, develop policy fora with the active participation of Member States, and follow up on topics discussed in IFAD's *Rural Poverty Report 2001*.

80. As reported to the Executive Board earlier, IFAD has already undertaken a systematic evaluation of IFAD-financed research programmes, specifically in the context of their impact on rural poverty. A sequential approach was adopted, starting with the development of an appropriate framework and methodology for assessing the impact on the rural poor of specific research programmes. This new methodology was used in a series of 16 case studies of research led by the Consultative Group on International Agricultural Research (CGIAR). Moreover, IFAD led the rural poverty impact-evaluation initiative of the Standing Panel on Impact Assessment of CGIAR, other major co-sponsors being the Department for International Development (United Kingdom) and the United Nations Development Programme. The results of this evaluation are expected to be available in early 2002. Meanwhile, another major effort to evaluate the impact of IFAD-financed research is being launched by IFAD's Office of Evaluation and Studies (OE). The results of these initiatives will be reported to the Board in 2002 in the forthcoming policy paper.

## **VI. MAJOR ISSUES AFFECTING THE 2002 ADMINISTRATIVE BUDGET**

### **Budget Flexibility**

81. In 2002, the management of IFAD intends to maintain a zero real-growth-level administrative budget compared with 2001. In view of increasing recurrent operational requirements, management has had to reduce some budget categories through identification of key value-added priorities. Due to a very constrained budget and the application of zero growth, the nature of the organization's work in 2002, and greater focus on Action Plan requirements/rationalization and the SCP, it was proposed to the Seventy-Third Session of the Executive Board in September 2001 that greater budgetary flexibility be exercised.

82. Regulation VI, paragraph 3, of the current Financial Regulations of IFAD, adopted by the First Session of the Governing Council in December 1977 and amended in February 1997, provides that: "To meet the Fund's requirements the President may reallocate funds within categories of the administrative budget. In addition, the President may, with the approval of the Executive Board, reallocate funds between categories."

83. Public-sector budget and performance management has undergone considerable change in recent years. The organization's use of resources is now more cost-effective because budget allocations are not considered as spending limits but are used as constantly updated and realigned planning guidelines. In order to become an effective management tool and provide consistency with the evolving organizational strategies and current practices of other United Nations institutions, and also to achieve effective resource management and accountability of results, it is proposed, starting in 2002, that the President be authorized to reallocate among budget categories during the year on the understanding that such reallocations do not exceed 10% of each approved budget category. This would replace the current process whereby Board approval is sought, a priori, to such reallocations. As it is IFAD's intention to do more within a zero-growth administrative budget in 2002, such increased flexibility would assist management. The President would report any such reallocation to the Board, as per the present practice for reallocations from within the contingency, and reallocations

exceeding 10% of each approved budget category would continue to be submitted to the Board for approval. Further text on this matter is provided under Part IX, Recommendation.

84. With respect to the 2002 administrative budget, in line with past practice, some non-recurrent costs classified outside the regular administrative budget will need to be incurred separately.

85. **One-time costs.** In 2001, these costs amounted to USD 1 076 000, of which USD 762 000 were allocated to cover work on IFAD's new premises. The balance of USD 314 000 was used for staff separation and placement issues.

86. For 2002, one-time costs totalling USD 1 343 000 will include USD 724 000 (not reimbursable by the Host Government) to finalize work on, and the move to, the new IFAD building and the refurbishing of the present headquarters building. This amount is, however, higher than originally foreseen owing to the delay in moving to the new building, which means that the 2001 allocation has not been fully utilized. It is proposed to maintain the figure of USD 314 000 for staff separation and placement issues, in line with the human resources strategy. For 2002, additional items include: USD 250 000 to cover the costs of a court case, and USD 55 000 for activities in connection with IFAD's twenty-fifth anniversary, e.g. interpretation services, support staff, publications, etc.

**ONE-TIME COSTS  
(USD '000)**

	2001		2002	
	Budget (at 2 084 ITL/USD)	Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Proposed Budget (at 2 160 ITL/USD)
Separation and placement	318	314	0	314
IFAD premises	790	762	(38)	724
IFAD's 25 <sup>th</sup> anniversary	0	0	55	55
Court case	0	0	250	250
<b>Total</b>	<b>1 108</b>	<b>1 076</b>	<b>267</b>	<b>1 343</b>

87. **Consultation meetings on the Sixth Replenishment.** Preparatory activities for the Sixth Replenishment are expected to be initiated in 2001, so that the first Consultation meeting can be held in conjunction with the Governing Council in February 2002. Accordingly, costs of USD 468 000 relating to expected consultation meetings in 2002 are projected as a non-recurrent, separately identified provision, in line with past practice.

## VII. THE 2002 ADMINISTRATIVE BUDGET

88. IFAD management intends to maintain its commitment to limiting administrative expenditures to the extent possible. Consequently, compared with the 2001 level, the Administrative Budget for 2002 is being proposed with zero real growth although price/inflation increases foreseen for 2002 have been provided for.

89. The Administrative Budget for 2001, approved by the Twenty-Third Session of the Governing Council (at the then prevailing rate of ITL 2 084/USD 1.00), amounted to USD 38 741 000. This included a contingency allocation of USD 250 000 but not the separate amount of USD 1 108 000 for one-time costs and the extraordinary price increase of USD 287 000. These figures amount to USD 40.1 million, following the net transfer of project-related expenses of USD 13.5 million to the PDFF. The 2001 Administrative Budget allocations have been restated for comparison purposes against those for 2002, using the latest projected average rate of ITL 2 160/USD 1.00. The overall



2002 Administrative Budget, including contingency items of USD 165 000, is proposed at USD 40 274 000 compared to USD 37 963 000 for 2001, using the same latest projected ITL/USD rate. The separate items not included in the 2002 Administrative Budget, as in 2001, are the one-time costs and the extraordinary price increase amounting to USD 1 343 000 and USD 199 000, respectively. For 2002, there is also a separate provision of USD 468 000 to fund meetings of the Consultation during the course of the year. As for past years, the figures will be restated, but the latest available average euro/USD exchange rates will be used when the budget is presented to the Twenty-Fifth Session of the Governing Council for approval.

90. **Use of the 2001 budget.** Table 4 provides projected 2001 administrative expenditure costs against approved budget category allocations. As indicated above, costs have been restated for the purpose of comparison using the latest projected average ITL/USD exchange rate for 2001. Projections indicate full use of most 2001 budget categories as well as the need for a reallocation of USD 130 000 from the contingency. For one-time costs, due to the delay in moving to the new IFAD building, expenditure will now spread into 2002.

91. **Proposed expenditures in 2002.** As in earlier years, the estimated costs for different types of expenditures take account of current trends and past experience. These include movements in indices, announced increases in the supervision and loan administration charges of cooperating institutions, suppliers and utilities, negotiated contracts and other factors that may influence costs, both within and outside headquarters. The main elements are as follows:

- (a) unless otherwise specified, a general inflation rate of 2.6% has been applied to all Rome-based expenses based on the average projected Italian inflation rate for 2001;
- (b) 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 have been calculated in close collaboration with the lead agency in Rome, FAO, taking account of any pending recommendations of the International Civil Service Commission (ICSC). These rates vary from year to year and thus represent the best estimates, at the time of preparing the current document, of what is to be formally introduced in the United Nations Common system during the course of 2002:
  - (i) an increase of approximately 2.5% on salaries and post adjustments to cover annual/biennial within-grade step increases and expected movements in grades;
  - (ii) a 2.5% cost-of-living increase for the General Service staff, effective 1 November 2001, increased provision to cover the expected language allowance increase that became effective on 1 October 2000 as a result of the salary survey, and a cost-of living increase effective November 2001;
  - (iii) provision has been made for an anticipated 5% increase in the post-adjustment scale for Professional staff, effective July 2002, and provision has been made for the post-adjustment increase effected in July 2001 due to the higher-than-expected results of the ICSC place-to-place survey for Professional staff;
  - (iv) a 3% increase in pensionable remuneration for Professional staff as of November 2002;
  - (v) an expected 15% increase in medical plan contributions and after-service medical costs as of January 2002;

**TABLE 4: COMPARISON OF 2000 ACTUAL, 2001 AND 2002 BUDGETS  
(USD'000)**

	2000	2001			2002		
	Actual (at 2 091.51 ITL/USD)	Projected Expenditure (at 2 160 ITL/USD)	Governing Council Approved Budget (at 2 084 ITL/USD)	Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Price Increase	Proposed Budget (at 2 160 ITL/USD)
Governing body and other official meetings	1 619	1 709 <sup>17</sup>	1 722	1 679	53	129	1 861
Staff costs	24 041	26 802 <sup>17</sup>	27 256	26 711	134	1 915	28 760
Programme activities and studies <sup>18</sup>	2 211	2 066	2 085	2 066	2	44	2 112
Office and general expenses	5 335	5 287	5 423	5 287	(36)	169	5 420
Other operational expenses, including corporate strategy, policy and resource mobilization	2 220	1 970	2 005	1 970	(68)	54	1 956
Contingency items:							
(a) Expenses for new headquarters building							
(b) Unforeseen expenses		120 <sup>17</sup>	250	250	(85)		165
<b>Subtotal</b>	<b>35 426</b>	<b>37 954</b>	<b>38 741</b>	<b>37 963</b>	<b>0</b>	<b>2 311</b>	<b>40 274</b>
One-time costs	660	866	1 108	1 076	267	0	1 343
<b>Total</b>	<b>36 086</b>	<b>38 820</b>	<b>39 849</b>	<b>39 039</b>	<b>267</b>	<b>2 311</b>	<b>41 617</b>
Extraordinary price increase <sup>19</sup>	389	287	287	287	(88)		199
Consultation to Review the Adequacy of the Resources Available to IFAD	226				468		468
<b>Grand total</b>	<b>36 701</b>	<b>39 107</b>	<b>40 136</b>	<b>39 326</b>	<b>647</b>	<b>2 311</b>	<b>42 284</b>

*See Table 5*

*See Table 6*

*See Table 7*

*See Table 8*

*See Table 9*

*Paragraph 86*

*Paragraph 89*

*Paragraph 87*

<sup>17</sup> Includes projected amounts to be reallocated from Contingency.

<sup>18</sup> Formerly 'Payments for Appraisal, Supervision and Evaluation'. Items for activities previously reported here are now itemized under Table 10A.

<sup>19</sup> Please refer to Table 10A and Annex III for further details on this item.





- (vi) in line with United Nations Common System practice, repatriation and separation payments are updated to the latest salary level for 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 salary rates;
- (vii) a weighted increase of approximately 3% for airfares and for daily subsistence allowances (DSA) applicable to Rome and other capitals worldwide; and
- (viii) projected cooperating institution charges for supervision and loan administration of IFAD projects reflect the levels communicated to the Fund.

92. The following pages provide details on individual budget categories, including explanations of any significant variances. Annex IV provides estimates of the Administrative Budget for 2002, broken down by organizational unit/department. These estimates may be changed following review by management during the course of 2002, depending on progress achieved under various SCP topics.

### A. Governing Body and Other Official Meetings

93. The costs of the Twenty-Sixth Session of the Governing Council, three sessions of the Executive Board, five meetings of the Evaluation Committee and four meetings of the Audit Committee planned for 2002 are set out in Table 5. The overall proposed 2002 allocation of USD 1 861 000 includes USD 129 000 to cover possible changes in the remuneration rates of conference staff, Rome DSA and travel costs. The real increase of USD 53 000 represents net increased costs for the Governing Council of USD 40 000 and USD 13 000 for increased interpretation and translation requirements during sessions of the Executive Board. The number of sub-categories/headings in Table 5 has been revised and grouped both to reflect actual requirements and to minimize future reallocations of funds among sub-categories.

**TABLE 5: GOVERNING BODY AND OTHER OFFICIAL MEETINGS  
(USD '000)**

	2001		2002		Proposed Budget (at 2 160 ITL/USD)
	Budget (at 2 084 ITL/USD)	Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Price Increase	
<b>Governing Council</b>					
Professional and temporary support staff (salaries/allowances/travel/subsistence)	333	324	25	50	399
Communications, security and other services	60	58	0	3	61
Supplies, printing and miscellaneous	113	109	15	3	127
<b>Subtotal</b>	<b>506</b>	<b>491</b>	<b>40</b>	<b>56</b>	<b>587</b>
<b>Executive Board and subcommittees</b>					
Professional and temporary support staff (salaries/allowances/travel/subsistence)	1 109	1 085	13	69	1 167
Executive Directors (travel and subsistence)	65	63	0	2	65
Communications, security and other services	19	18	0	1	19
Supplies, printing and miscellaneous	23	22	0	1	23
<b>Subtotal</b>	<b>1 216</b>	<b>1 188</b>	<b>13</b>	<b>73</b>	<b>1 274</b>
<b>Total</b>	<b>1 722</b>	<b>1 679</b>	<b>53</b>	<b>129</b>	<b>1 861</b>



## B. Staff Costs

94. Table 6 sets out the total projected staff costs for 2002 of USD 28 760 000, of which USD 26 748 000 relates to approved posts within the organization. Total price increases of USD 1 915 000 (as mentioned in paragraph 91) and an overall real increase of USD 134 000 are further elaborated upon below. This increase is the net effect of: reinstatement of two posts that had been temporarily frozen in 2001; reallocation of funds to temporary staff needs instead of to translator positions in the Secretary's Office (through increased use of remote translating); conversion from temporary to fixed-term status of a half-time General Service position in OE; the lapse factor adjustment according to the latest vacant-position situation; and the reduced provision for relocation and recruitment in 2002. Management will further review the staffing position once the SCP design and implementation recommendations are available.

95. Table 6A reflects the current grading and departmental allocation of the Fund's approved staff posts, including the additional 23 fixed-term posts approved as of 2001. Table 6B shows the gender composition, within those staffing levels, of the present staff of IFAD.

96. Key items for regular staff in 2002 are as follows:

- (a) **Salaries and post adjustment.** For Professional staff, USD 596 000 has been allocated for within-grade step increases and possible increases in the net-base and post-adjustment scales. For General Service staff, the provision for salary-scale increases and a portion of the biennial within-grade step increase is USD 357 000. These adjustments total USD 953 000, equivalent to an increase of approximately 6%. The reasons for this real increase are shown in paragraph 94.
- (b) **Education grants and other allowances.** The total price increase of USD 121 000 mainly reflects the projected price increases for dependency allowances, education grant and housing allowances in the Professional category and for dependency allowances in the General Service category (USD 111 000 plus USD 10 000).
- (c) **Pension and medical plan contributions.** The additional USD 569 000 is due to a projected increase of USD 280 000 in the medical and compensation plans, USD 139 000 for after-service medical coverage and USD 150 000 to cover higher scales of pensionable remuneration for the Professional and General Service staff.
- (d) **Home leave.** The 2002 level includes a price increase of USD 10 000 in airfares for home leave.
- (e) **Repatriation and separation payments.** This reflects increases in the overall salary scales for Professional and General Service staff of USD 42 000 and USD 149 000, respectively.
- (f) **Relocation and recruitment.** The relocation and recruitment costs for 2002 have been reduced by USD 153 000 in view of existing vacancy and separation trends. The price increase of USD 5 000 reflects the inflation increase for appointment and interview travel costs for Professional staff.
- (g) **Short-term temporary staff.** The overall real increase of USD 180 000 mainly relates to the transfer of funding for temporary translators, as mentioned in paragraph 94. With price increases of USD 40 000, the total allocation under this heading is now USD 1 337 000.



- (h) **Overtime.** The 2001 allocation has been increased by USD 20 000. With a price increase of USD 15 000, this budget heading is now proposed at USD 248 000 for 2002. (It is to be noted that overtime may also be funded under other budget categories and the PDFF.)
  
- (i) **Training.** The 2002 Staff Training and Development Programme will take a participatory approach, involving those being trained and drawing on their experience in order to promote knowledge sharing. The aim is to build and encourage a true learning environment through giving staff access to continuous learning possibilities. Staff development needs are drawn from the programme of work and budget submissions from each division, which in turn are routinely drawn from the Individual Performance System. Training foreseen in 2002 includes: management programmes and supervisory skills training; project management; gender awareness; loan administration; organization skills; and various communication-skill workshops (facilitation, presentation, negotiation, feedback and listening skills, and public speaking). Language and English business writing-skill classes will continue to be part of the IFAD training programme.

Over the last few years, the Fund has stepped up its training efforts by including IFAD-specific training programmes (programme assistant training, specific divisional workshops and the orientation programme). In 2002, training will be undertaken through workshops, both internal and external, and, as needed, the use of external consultants. Specific technical training needs will be met through external training courses. Education assistance grants will continue to be provided to staff who choose to follow, in their own time, studies and university courses related to IFAD's work. IFAD has undertaken to support the United Nations System Staff College in its efforts to coordinate training to staff throughout the United Nations system.

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

	2001		2002			<i>Professional</i>	<i>General Service</i>	<i>Applicable to both Professional and General Service</i>
	<b>Budget (at 2 084 ITL/USD)</b>	<b>Restated (at 2 160 ITL/USD)</b>	<b>Real Increase/ (Decrease)</b>	<b>Price Increase</b>	<b>Proposed Budget (at 2 160 ITL/USD)</b>			
Salaries and post adjustment	15 992	15 646	87	953	16 686	10 303	6 351	32 <sup>20</sup>
Education grants and other allowances	1 676	1 614	0	121	1 735	1 569	166	
Pension and medical plan contributions	5 640	5 578	0	569	6 147	3 547	1 810	790 <sup>21</sup>
Home leave	274	265	0	10	275	275		
Repatriation and separation payments	1 505	1 480	0	191	1 671	850	821	
Relocation and recruitment	391	382	(153)	5	234	234		
<b>Regular staff</b>	<b>25 478</b>	<b>24 965</b>	<b>(66)</b>	<b>1 849</b>	<b>26 748</b>	<b>16 778</b>	<b>9 148</b>	<b>822</b>
Short-term temporary staff	1 138	1 117	180	40	1 337	826	511	
Overtime	221	213	20	15	248		248	
Training	419	416	0	11	427			427
<b>Total</b>	<b>27 256</b>	<b>26 711</b>	<b>134</b>	<b>1 915</b>	<b>28 760</b>	<b>17 604</b>	<b>9 907</b>	<b>1 249</b>

<sup>20</sup> Provision for merit pay scheme.

<sup>21</sup> Projected requirement for after-service medical coverage and FAO Medical charges.



TABLE 6A: STAFF LEVELS AS AT 8 NOVEMBER 2001<sup>22</sup>

	Professional and Higher Grade Staff							Support Staff
	AP	D-2	D-1	P-5	P-4	P-2/3	Total	Total
<b>Office of the President (OP)</b>								
Office of the President		1			1		2	3
Internal Audit				1	1	1	3	1
Office of Evaluation and Studies			1	3	3		7	7
Office of the General Counsel			1	2	2		5	4
<b>Total OP</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>17</b>	<b>15</b>
<b>Office of the Vice-President (VP)</b>								
Office of the Vice-President								1
Controller's Office		1		4	2	1	8	26.5
Treasury			1		1	3	5	7
<b>Total VP</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>13</b>	<b>34.5</b>
<b>Programme Management Department (PD)</b>								
Office of the Assistant President	1			2	2	1	6	3
Africa I Division			1	6	3		10	8
Africa II Division			1	7	1	1	10	7
Asia and the Pacific Division			1	8			9	7
Latin America and the Caribbean Division		1		6	1		8	7
Near East and North Africa Division			1	6		1	8	6
Technical Advisory Division			1	7			8	6
<b>Total PD</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>42</b>	<b>7</b>	<b>3</b>	<b>59</b>	<b>44</b>
<b>Economic Policy and Resource Strategy Department (ED)</b>								
Office of the Assistant President	1		1	4	5		11	10
<b>Total ED</b>	<b>1</b>		<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>11</b>	<b>10</b>
<b>Management and Personnel Services Department (MD)</b>								
Office of the Assistant President	1						1	1
Administrative and Protocol Services				1	1	2	4	23.5
Management Information Systems			1	1	4	3	9	17.5
Office of the Secretary of IFAD			1	1	8	3	13	27.5
Personnel Division			1	2	1	1	5	8
<b>Total MD</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>14</b>	<b>9</b>	<b>32</b>	<b>77.5</b>
<b>Grand Total</b>	<b>3</b>	<b>3</b>	<b>12</b>	<b>61</b>	<b>36</b>	<b>17</b>	<b>132</b>	<b>181</b>

<sup>22</sup> The President and the Vice-President are not included in the staffing figures.



**TABLE 6B: GENDER COMPOSITION OF IFAD STAFF MEMBERS FUNDED UNDER THE REGULAR PROGRAMME (as of 31 October 2001)<sup>23</sup>**

	Professional and Higher Grade Staff	% of Professional Staff	General Service Staff	% of General Service Staff
Female	35	30.7	143	81.2
Male	79	69.3	33	18.8
<b>Total<sup>24</sup></b>	<b>114</b>	<b>100.0</b>	<b>176</b>	<b>100.0</b>

	Professional and Higher Grade Staff P-5 and above (59.6%)	% of P-5 and above (68 staff)	% of total Professional Staff (114 staff)
Female	12	17.6	10.5
Male	56	82.4	49.1
<b>Total</b>	<b>68</b>	<b>100.0</b>	<b>59.6</b>

### C. Programme Activities and Studies

97. Table 7 sets out the overall projected costs of USD 2 112 000 under these budget items for 2002. As will be noted, the format of this table has changed from that of previous years in view of the transfer of appraisal and supervision-related costs to the PDFF. The latter costs are now shown in Table 10A.

98. **Audits of loans and grants initiated by IFAD.** The proposed allocation of USD 26 000 will continue to be used by the Office of Internal Audit to fund its 2002 programme of loan and grant audits, focusing on grants not audited by external auditors, and to cover the costs of field visits for special audits of loans initiated by IFAD.

99. **Knowledge management.** The allocation for 2001 is maintained and, with price increases, amounts to USD 102 000 for 2002. This budget category will continue to be used by PD for thematic groups.

100. **Evaluation and studies.** The allocation under this budget item reflects the Fund's overall objective to enhance the impact of its rural poverty alleviation activities, specifically driven by the priorities outlined in the IFAD V: Plan of Action (2000-2002). Evaluation work will contribute to this work by generating and communicating knowledge through different types of evaluations, including country programme, project and thematic evaluations. In addition, the further development and implementation of an improved framework and methodology for impact assessment will be an important aspect of IFAD's evaluation work in 2002. The budget structure for evaluation and studies has been amended and revised, as approved by the Twenty-Eighth Session of the Evaluation Committee.

<sup>23</sup> The President and the Vice President are not included in the staffing figures.

<sup>24</sup> This only includes staff currently on board.

**TABLE 7: PROGRAMME ACTIVITIES AND STUDIES<sup>25</sup>**  
(USD '000)

	2001		2002		
	Budget (at 2 084 ITL/USD)	Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Price Increase	Proposed Budget (at 2 160 ITL/USD)
<b>Strategy and related costs</b>	<b>67</b>	<b>66</b>	<b>0</b>	<b>2</b>	<b>68</b>
Strategy development	67	66	0	2	68
<b>Project audits and related costs</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>1</b>	<b>26</b>
Audits of loans and grants initiated by IFAD	25	25	0	1	26
<b>Knowledge management</b>	<b>100</b>	<b>99</b>	<b>0</b>	<b>3</b>	<b>102</b>
<b>Evaluation and studies<sup>26</sup></b>	<b>1 893</b>	<b>1 876</b>	<b>2</b>	<b>38</b>	<b>1 916</b>
Project evaluations	722	716	(122)	12	606
Country programme evaluations	437	433	(38)	8	403
Thematic and strategic evaluations	549	544	(50)	10	504
Workshop, training and other Evaluation activities	185	183	212	8	403
<b>Total</b>	<b>2 085</b>	<b>2 066</b>	<b>2</b>	<b>44</b>	<b>2 112</b>

#### D. Office and General Expenses

101. Table 8 provides details of the proposed 2002 allocation of USD 5 420 000 to cover headquarters expenses, professional services and miscellaneous expenditures.

102. **Headquarters expenses.** This heading covers the cost of running the headquarters (Buildings A and B) premises, as well as office equipment and administrative supplies. The proposed budget under this heading for 2002 amounts to USD 4 168 000, representing a net real overall increase of USD 8 000. Further data is provided below:

- (a) **Security and custodial services.** The budget allocation for 2002 includes provision for the security contract and TA for the security systems at IFAD headquarters (Buildings A and B). The proposed 2002 allocation of USD 433 000 includes a real increase of USD 24 000 to provide for a one-year security contract for both buildings.
- (b) **Communications.** Compared with 2001, there has been a change in presentation and the amount of USD 441 000 relating to telecommunications has been shifted to item (f) Information and Communication Technology Services (see below). For 2002, the allocation will cover mail and courier services amounting to USD 58 000. The level for 2002 has been slightly increased by USD 5 000. Most of IFAD's despatches are addressed worldwide. Therefore, given the limited and costly FAO pouch service facilities, there is no alternative but to use normal international courier services. During the last two years, the use of courier facilities has increased considerably as it is considered the most reliable means of sending mail.

<sup>25</sup> Refer to Table 10A for activities previously reported here, up to and including 2001.

<sup>26</sup> As already communicated to the Evaluation Committee, activities undertaken under the evaluation and studies heading have been reformulated, as per titles indicated in the table.

**TABLE 8: OFFICE AND GENERAL EXPENSES  
(USD '000)**

	2001		2002		
	Budget (at 2 084 ITL/USD)	Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Price Increase	Proposed Budget (at 2 160 ITL/USD)
<b>Headquarters expenses</b>					
Security and custodial services	413	398	24	11	433
Communications <sup>27</sup>	510	52	5	1	58
Utilities and premises	1 224	1 181	(46)	32	1 167
Supplies and printing	401	387	0	41	428
Office equipment and maintenance	172	166	17	5	188
Information and communication technology services <sup>28</sup>	1 280	1 700	0	44	1 744
Other	143	138	8	4	150
<b>Subtotal</b>	<b>4 143</b>	<b>4 022</b>	<b>8</b>	<b>138</b>	<b>4 168</b>
<b>Professional services</b>					
External auditors' fees and expenses	89	86	0	2	88
Financial services	116	113	1	3	117
Translators – external	20	19	1	1	21
Legal services	23	22	0	1	23
Building – Technical support services	19	18	0	0	18
Specialist audit services	53	53	0	1	54
Oversight Committee	30	30	(30)	0	0
Consultants – Management information systems (MIS) maintenance	379	377	0	10	387
Insurance against risk	50	50	5	1	56
<b>Subtotal</b>	<b>779</b>	<b>768</b>	<b>(23)</b>	<b>19</b>	<b>764</b>
<b>Miscellaneous</b>					
Hospitality	44	42	1	1	44
Library, books and periodicals	82	81	3	2	86
United Nations liaison	341	341	(25)	8	324
Other	34	33	0	1	34
<b>Subtotal</b>	<b>501</b>	<b>497</b>	<b>(21)</b>	<b>12</b>	<b>488</b>
<b>Total</b>	<b>5 423</b>	<b>5 287</b>	<b>(36)</b>	<b>169</b>	<b>5 420</b>

- (c) **Utilities and premises.** This budget heading covers building operations and maintenance, cleaning and labour services, technical plant operations including heating and air-conditioning, building supplies, condominium charges for the present IFAD 2 building and improvement to the premises not financed by the Host Government. The proposed allocation of USD 1 167 000 for 2002 represents a decrease of USD 46 000.

<sup>27</sup> Formerly inclusive of telecommunications (USD 441 000), which has since been transferred to 'Information and Communication Technology Services'.

<sup>28</sup> Formerly "Computer Services", which now includes USD 441 000 relating to telecommunications, as indicated in footnote 27 above.



- (d) **Supplies and Printing.** This heading covers print shop operations and related equipment maintenance, document reproduction, office supplies and stationery. The 2001 allocation of USD 428 000 is proposed to be maintained, but with a price increase to cover higher costs of paper and office supplies.
- (e) **Office equipment and maintenance.** The proposed allocation of USD 188 000 for 2002 covers the purchase, replacement and maintenance of headquarters office equipment, including vehicles, safes, audio-visual equipment, and standard office fittings. The 2002 level has been slightly raised by USD 17 000 compared with 2001 due to increased equipment maintenance requirements as a result of additional equipment and the outsourcing of microfilming operations not financed by the Host Government.
- (f) **Information and communication technology services.** Table 8A shows the major areas provided for under this heading. As mentioned under (b) above, all items relating to telecommunications (for a total of USD 441 000) are now grouped under this heading. The 2002 level of USD 1 744 000 has been maintained with zero real growth. It is expected that the total overall provision will allow for the operation and maintenance of existing information technology (IT) infrastructure but with minimum service-level requirements in the area of system development and support as major upgrades to the IT structure and major new system implementation projects are to be funded by the SCP. Most items are largely pre-committed on the basis of contractual fees, service agreements and consumption levels.

**TABLE 8A: INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES  
(USD '000)**

	<b>2001 Budget</b>	<b>2002 Budget</b>
Operations and support of IFAD technical infrastructure to ensure the continuity and reliability of network and computer services	697	724
Support of end-users for standard applications through Hotline assistance and training at various levels	146	144
Maintenance and support of corporate systems in operations	215	221
External computer services for mainframe applications and Internet working	318	394
Telecommunication charges for telephone and facsimile transmission traffic	324	261
<b>Total</b>	<b>1 700</b>	<b>1 744</b>

- (g) **Other.** This heading covers expenditures for headquarters insurance cover, replacement and maintenance of cafeteria equipment, medical supplies, a variety of miscellaneous services and the new catering contract. The proposed allocation of USD 150 000 for 2002 includes a real increase of USD 8 000 due to insurance coverage for Building A and additional cafeteria services.

103. **Professional services.** The proposed budget level for 2002 under this heading is USD 764 000, showing a net overall decrease of USD 23 000.

- (a) **External auditors' fees and expenses.** The External auditors' fees and expenses level has been maintained at the 2001 figure.





- (b) **Financial services.** This heading normally covers costs incurred by Treasury for subscriptions to an on-line financial market information service, a rating agency service, publications and professional services. The proposed allocation USD 117 000 includes a slight increase of USD 1 000.
- (c) **Translators (external).** All the translation needs for operations in the official languages of the Fund are normally provided for internally by the Office of the Secretary. Additional translation requirements, for which internal capacity does not exist, necessitate a slight increase up to USD 21 000 for 2002.
- (d) **Legal services.** The proposed allocation of USD 23 000 for 2002 provides for a variety of legal services, including a retained contractual arrangement with a local law firm to advise on matters relating to IFAD's operations in Italy: commercial contracts; staff privileges and immunities; the legal status of IFAD vis-à-vis the Headquarters Agreement; and Italian Government and juridical procedures.
- (e) **Building – Technical support services.** A retainer arrangement has been made with an architectural consultancy firm to advise on technical matters pertaining to the provisional headquarters building and on Building A, technical projects for building improvements and assistance with the Italian technical authorities. The proposed budget allocation of USD 18 000 for 2002 remains unchanged from 2001.
- (f) **Specialist audit services.** The proposed amount of USD 54 000 for 2002 under this heading has been maintained at the 2001 level. It is expected that specialist services will be sought with regard to IT, investment and other areas where external skills may be required with a view to obtaining more effective audits.
- (g) **Oversight Committee.** No allocation has been made under this heading for 2002, on the understanding that a budget reallocation will be made in the event funds are required to cover specific investigation activities.
- (h) **Consultants – management information systems (MIS) maintenance.** As for 2001, professional-level expertise is required on an ongoing basis for Hotline coordination, for the user-support function and for technical support and maintenance of corporate systems. In addition to ongoing support for current corporate systems, some functional enhancements are foreseen in 2002 for the Leave Management System, the Contact Management System, the Meeting Management System (formerly Ciao), the Investment Management System and the upgrading/integration of messaging services. As previously stated, this excludes major systems funded under the SCP.
- (i) **Insurance against risk.** A new allocation was made in 2001 to purchase insurance cover against financial loss due to various types of risks, including: crime, forgery, loss through theft or damage from any cause on IFAD's premises, loss or damage of IFAD property in transit, computer crime/fraud, computer virus and legal liability to third parties. The proposed allocation for 2002 amounts to USD 56 000, and includes a real increase of USD 5 000 to take account of the full-year effect for 2002 compared with 2001 and a price increase of USD 1 000.

104. **Miscellaneous.**

- (a) **Hospitality.** The proposed allocation of USD 44 000 for 2002 provides for a slight increase of USD 1 000 and a price increase of USD 1 000.



- (b) **Library, books and periodicals.** The 2002 requirement of USD 86 000 provides for a real increase of USD 3 000 and a price increase of USD 2 000.
- (c) **United Nations liaison.** The 2002 level includes a reduction of USD 25 000, which has been possible thanks to the streamlining of activities.
- (d) **Other.** The 2001 level remains unchanged at USD 34 000, with a price increase of USD 1 000.

### **E. Other Operational Expenses, including Corporate Strategy, Policy and Resource Mobilization**

105. Details of the costs contained in this budget category are provided in Table 9 and described thereafter:

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

	2001		2002		
	Budget (at 2 084 ITL/USD)	Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Price Increase	Proposed Budget (at 2 160 ITL/USD)
Duty travel	1 167	1 148	34	35	1 217
Special studies	127	126	(20)	3	109
Media, communications and Networking	274	271	(74)	5	202
Annual Report	105	101	(19)	2	84
Publications	204	197	(21)	5	181
Contributions to United Nations and other committees	97	97	23	3	123
Participation in and hosting of meetings	31	30	9	1	40
<b>Total</b>	<b>2 005</b>	<b>1 970</b>	<b>(68)</b>	<b>54</b>	<b>1 956</b>

106. **Duty travel.** This heading includes staff travel for all divisions but excludes that relating specifically to project development and supervision (2001 – USD 471 000), which will be provided for separately under the PDFF in 2002. The proposed overall allocation for 2002 of USD 1 217 000 includes a real increase of USD 34 000, mainly for field visits in connection with evaluation activities. Provision has been made for estimated price increases totalling USD 35 000.

107. **Special studies.** This allocation will cover support for special studies on specific activities and topics and on operational guidelines. The 2002 allocation has been reduced by USD 20 000 by OE to compensate for the increased field visits mentioned in paragraph 106.

108. **Media, communications and networking.** It is intended to develop a communications and advocacy campaign to cover general and country-specific activities and to follow the usual process of facilitating Consultation meetings, supporting policy and financial analysis and managing Member contacts. By 2002, IFAD should have made progress in defining its methodology for identifying the impact of its efforts to reduce poverty and how that relates to reaching the MDGs. ED's advocacy and communications programme will work to support IFAD's corporate objective of disseminating information on the effectiveness of the Fund's work and the lessons the Fund has learned from major stakeholders. Impact communications, in close cooperation with other IFAD units, will make an



important contribution to the success of the Sixth Replenishment consultation process. The proposed 2002 allocation of USD 202 000 includes a real reduction of USD 74 000.

109. **Annual Report.** The proposed 2002 allocation of US 84 000 includes a real decrease of USD 19 000 and a price increase of USD 2 000.

110. **Publications** contribute to disseminating information on the Fund's achievements. The proposed allocation for 2002 of USD 181 000 has been reduced by USD 21 000 compared with 2001, in view of the improved cost effectiveness of this re-engineered process.

111. **Contributions to United Nations and other committees.** IFAD will continue to support the budgets of certain United Nations-sponsored committees. For 2001, IFAD will also contribute to the United Nations Staff College and the Office of the United Nations Security Coordination (UNSECOORD). The IFAD contribution of USD 123 000 is made up as follows:

	<b>2002 Proposed (USD)</b>
ICSC/Consultative Committee on Administrative Questions	43 000
Non-Governmental Liaison Service	21 000
United Nations Staff College	12 000
UNSECOORD	12 000
Consultative Committee on Programme and Operational Questions	8 000
ACC Subcommittee on Nutrition	27 000
<b>Total</b>	<b>123 000</b>

112. **Participation in and hosting of meetings.** In 2002, IFAD will continue to support planned partnership development activities and conference support services. Since these activities are expected to increase the 2002 allocation is proposed at USD 40 000, which includes a real increase of USD 9 000.

## **VIII. PROGRAMME DEVELOPMENT FINANCING FACILITY**

113. The Seventy-First Session of the Executive Board and the Twenty-Fourth Session of the Governing Council, held in December 2000 and February 2001, respectively, endorsed the approach of bringing together under one heading – the PDFF – all resources from the administrative budget and the programme of work relating directly to programme development, from design to implementation (except for staff costs). This change was made on a zero-sum basis, i.e. the combination did not lead to an increase in resources available for project development, as it was budget-neutral. While 'programme development' currently relates to the project cycle only, strategic change will take into account the objectives of strengthening and redefining the control of resources and delegation of resource management. As a result, the PDFF may in future be extended to cover resources required to finance new instruments for rural poverty eradication, such as policy advocacy, and additional activities to foster impact achievement in the context of programme implementation. Details of any new proposals will be submitted to the Executive Board for its consideration.

114. Responding to the Board's concern about the need for reliable control systems, within the framework of the SCP, in 2001 IFAD initiated the development of detailed guidelines, rules and procedures for the PDFF's IT-support and monitoring-and-evaluation systems. This will ensure that IT-support systems will be developed in 2002 to meet IFAD's objectives through the PDFF

management tool. These objectives include: better programme planning, more transparent resource-use planning and implementation, greater leverage of supplementary funds, sharper monitoring and control, clearer accountability of results, and further cost-efficiency gains from increased flexibility in resource use.

115. Table 10 provides a comparison of the Programmes of Work and Budget for 2001 and 2002 and shows how the PDFF allocation of USD 26 745 000 for 2002 has been arrived at on a zero sum basis.

**TABLE 10: COMPARISON OF PROGRAMME OF WORK, PDFF AND ADMINISTRATIVE BUDGET  
(USD million)**

	Approved Allocations 2001	Proposed for 2002	
<b>A. Lending programme</b>	<b>365.1</b>	<b>416.2</b>	<i>See Annex II</i>
<b>B. New grant programme</b> (excluding items previously under grants and now transferred to PDFF)	<b>16.1</b>	<b>20.7<sup>29</sup></b>	<i>See Table 3B</i>
PDFF – previously under grant programme	12.8	13.1 <sup>29</sup>	
<b>C. Traditional grant programme</b>	<b>28.9</b>	<b>33.8<sup>29</sup></b>	<i>See Table 3A</i>
<b>PDFF</b>	<b>26.0</b>	<b>26.7<sup>29</sup></b>	<i>See Table 10A</i>
Comprising items previously appearing under the grant programme and now transferred to PDFF. Maintained at the 2001 level but adjusted for an inflation increase of 2%	12.8	13.1	
Less: adjustment for long-term temporaries under items previously under the grant programme - PDF now transferred to Administrative Budget	(0.3)	(0.3)	
Comprising items previously under the Administrative Budget now transferred to PDFF. Maintained at the 2001 level but inclusive of price increases	13.5	13.9	
<b>Traditional budget, including items previously appearing under the Administrative Budget and now transferred to PDFF</b>	<b>53.6</b>	<b>55.9</b>	
Items previously appearing under the Administrative Budget and now transferred to PDFF	13.5	13.9	
<b>Subtotal reduced Administrative Budget</b>	<b>40.1</b>	<b>42.3</b>	<i>See Table 4</i>
<b>A.+C. OVERALL TRADITIONAL PROGRAMME OF WORK</b>	<b>394.0</b>	<b>450.0</b>	
<b>A.+B. OVERALL NEW PROGRAMME OF WORK</b>	<b>381.2</b>	<b>436.9</b>	

116. Table 10A provides details of currently projected requirements within this total. These requirements will be reviewed by management during the course of 2002, and may need to be reallocated as changes in strategic needs may arise. Management will advise the Board should the resources available make it possible to increase the lending programme. An increased PDFF level may be necessary to deal with increased lending operations.

<sup>29</sup> Management may increase this figure if the lending programme is revised upwards.

**TABLE 10A: PROGRAMME DEVELOPMENT FINANCING FACILITY (PDFF)  
(USD '000)**

	Allocation 2001	Reallocations	Price Increase	Proposed Allocation 2002
<b>New project/programme development</b>	<b>12 712</b>	<b>(487)</b>	<b>357</b>	<b>12 582</b>
PDF including country strategic opportunities papers, inception, formulation	7 294	(393)	207	7 108
Country portfolio review	430	(70)	11	371
Strategy development	505	90	18	613
Design and development of grants	600	(11)	7	596
Environmental assessment	400	(150)	8	258
Appraisal <sup>30</sup>	1 733	47	53	1 833
Special Operations Facility	1 750	0	53	1 803
<b>Ongoing project portfolio</b>	<b>11 637</b>	<b>466</b>	<b>409</b>	<b>12 512</b>
Cooperating institutions <sup>30 31</sup>	8 220	(49)	245	8 416
Direct supervision <sup>30</sup>	602	(41)	17	578
IFAD follow-up <sup>30</sup>	1 119	320	60	1 499
Supervision of technical assistance grants <sup>30</sup>	196	146	42	384
Supervision of NGO/ECP grants <sup>30</sup>	0	100	0	100
Accelerated project performance and other Project implementation support	1 500	(10)	45	1 535
<b>Staff travel</b>	<b>1 583</b>	<b>21</b>	<b>47</b>	<b>1 651</b>
Travel relating to direct supervision <sup>30</sup>	113	0	3	116
Travel relating to ex-appraisal and follow-up <sup>30</sup>	999	9	30	1 038
Travel relating to PDFF (ex-duty travel portion) <sup>30</sup>	471	12	14	497
<b>Total</b>	<b>25 932</b>	<b>0</b>	<b>813</b>	<b>26 745</b>

<sup>30</sup> These items were previously part of IFAD's Administrative Budget (traditionally reported under Table 4), except for the new activity 'Supervision of NGO/ECP Grants' added in 2002.

<sup>31</sup> Excludes the 2002 extraordinary price increase (USD 199 000) levied by the World Bank. This continues to be shown separately in Table 4.



## IX. RECOMMENDATION

117. 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 2002 at a level of SDR 354.5 million (USD 450 million) using the traditional presentation comprising: a lending programme of SDR 327.9 million (USD 416.2 million) and a gross TA grant programme of SDR 26.6 million (USD 33.8 million) made up of the amount of USD 13.1 million equivalent transferred to the PDFF and a net grant programme of SDR 16.3 million (USD 20.7 million). In view of the foregoing, it is proposed that the Programme of Work for 2002 should be planned at USD 450 million in nominal terms, subject to review during the course of next year. The critical element in deciding whether to adjust the work programme level will be the resource position, including a possible shortfall in investment income, considered in the context of the use of ACA in 2002;
- (b) the Executive Board authorize the President to submit the Administrative Budget for 2002, totalling USD 42.3 million inclusive of the contingency (but excluding amounts transferred to the PDFF under (c) below), to the Twenty-Fifth Session of the Governing Council for its approval; and that
- (c) the Executive Board approve the total PDFF of USD 26.7 million for 2002, comprising USD 13.1 million from the gross TA grant programme and USD 13.6 million previously shown under the Administrative Budget. This will be reviewed during the course of 2002, depending on the level of the lending programme.

118. It is further recommended that, as stipulated in Financial Regulation VI.3, the Executive Board delegate authority to the President of IFAD to reallocate funds among budget categories, such amounts not to exceed 10% of each approved category.



## ANNEX I

<b>PROGRAMME MANAGEMENT DEPARTMENT</b>		
<b>WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE</b>		
	<b>2002 Proposed (Number)</b>	<b>%</b>
<b>New project/Project Development Fund<sup>1 2 3</sup></b>		
Africa I	5.50	19.2
Africa II	6.00	20.9
Asia and the Pacific	6.00	20.9
Latin America and the Caribbean	5.10	17.8
Near East and North Africa	5.50	19.2
Technical Advisory Division	0.60	2.0
<b>Total</b>	<b>28.70</b>	<b>100.0</b>
<b>Appraisal<sup>1 2</sup></b>		
Africa I	7.00	23.3
Africa II	7.00	23.3
Asia and the Pacific	6.00	20.0
Latin America and the Caribbean	5.00	16.7
Near East and North Africa	5.00	16.7
<b>Total</b>	<b>30.00</b>	<b>100.0</b>
<b>Planned projects<sup>4</sup></b>		
Africa I	7.00	25.0
Africa II	6.00	21.4
Asia and the Pacific	6.00	21.4
Latin America and the Caribbean	4.00	14.3
Near East and North Africa	5.00	17.9
<b>Total</b>	<b>27.00</b>	<b>100.0</b>

<sup>1</sup> These percentages indicate the numbers of operations rather than financing levels (shown in Table 10A).

<sup>2</sup> The number of operations include projects originating from the pipelines of other international financial institutions; as the related project development costs would be less, the actual number of operations may differ.

<sup>3</sup> Includes partial project development costs due to the impact of activities that may have commenced, but have not been completed, by the end of 2001. Similarly, partial costs for commencement in 2002 may also be incurred.

<sup>4</sup> These percentages indicate numbers of proposed loans rather than financing levels (shown in Annex II).

**PROGRAMME MANAGEMENT DEPARTMENT**

**LOAN PROGRAMME**

(USD '000 and SDR '000)

	2000			2001						2002		
	Actual <sup>1</sup>			Originally Approved <sup>2</sup>			Actual <sup>3</sup>			Proposed		
	USD	SDR	%	USD	SDR	%	USD	SDR	%	USD	SDR <sup>4</sup>	% <sup>5</sup>
Africa I	81 812	62 550	20.02	65 480	51 064	17.93	74 239	58 119	18.30	76 518	60 286	18.385
Africa II	73 576	56 700	18.16	74 480	58 083	20.40	100 689	79 062	24.89	76 518	60 286	18.385
Asia and the Pacific	126 729	98 050	31.40	110 420	86 110	30.24	107 348	84 234	26.52	129 064	101 684	31.010
Latin America and the Caribbean	62 852	48 400	15.50	60 640	47 290	16.61	68 855	54 204	17.07	70 879	55 843	17.030
Near East and North Africa	60 162	46 600	14.92	54 090	42 182	14.82	53 513	41 998	13.22	63 221	49 809	15.190
<b>Total</b>	<b>405 131</b>	<b>312 300</b>	<b>100.00</b>	<b>365 110</b>	<b>284 729</b>	<b>100.00</b>	<b>404 644</b>	<b>317 617</b>	<b>100.00</b>	<b>416 200</b>	<b>327 908</b>	<b>100.000</b>

<sup>1</sup> The 2000 Actual is shown in United States dollars at the rate prevailing on the Executive Board approval date.

<sup>2</sup> Reported as per the approval of the Executive Board at SDR 1 = USD 1.28231.

<sup>3</sup> For loans approved at the Seventy-Second and Seventy-Third Sessions of the Executive Board in April and September 2001, respectively, the United States dollar equivalent is shown at the rate prevailing on the date of Executive Board approval. Loans being presented to the Seventy-Fourth Session in December 2001 have been calculated in SDR equivalent at the rate prevailing on 26 October 2001 of SDR 1 = USD 1.26926.

<sup>4</sup> Calculated using the 26 October 2001 rate of SDR 1 = USD 1.26926 (see Table 3).

<sup>5</sup> These percentages indicate financing proportions rather than actual number of projects as shown in Annex I.







PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS								
(USD '000)								
	2000	2001				2002		
	Actual Expenditure (at 2 091 ITL/USD) <sup>1</sup>	Approved Numbers	Approved Budget Restated (at 2 160 ITL/USD)	Real Increase/ (Decrease)	Price Increase	Proposed Budget (at 2 160 ITL/USD)	Estimated Number of Projects under Supervision	Number of Projects for which Charges are Projected <sup>2</sup>
African Development Bank	319	5.50	269	(24)	7	252	5.00	5.00
Arab Fund for Economic and Social Development	303	14.50	534	(28)	15	521	13.75	13.75
Asian Development Bank	58	2.00	122	(122)	0	0	7.00	0
Central American Bank for Economic Integration	50	4.00	38	(5)	1	34	3.50	3.50
West African Development Bank	301	11.05	284	(10)	8	282	10.65	10.65
Andean Development Corporation	584	17.25	614	9	19	642	17.50	17.50
Caribbean Development Bank	32	4.25	32	2	1	35	4.50	4.50
United Nations Office for Project Services <sup>3</sup>	5 436	127.42	5 738	210	178	6 126	132.08	132.08
World Bank (including IBRD and IDA) <sup>4</sup>	509	12.40	589	(81)	16	524	30.70	10.70
<b>Subtotal</b>	<b>7 591</b>	<b>198.37</b>	<b>8 220</b>	<b>(49)</b>	<b>245</b>	<b>8 416</b>	<b>224.68</b>	<b>197.68</b>
Test projects for IFAD direct supervision <sup>5</sup>	258	14.70	602	(41)	17	578	13.70	13.70
<b>Total</b>	<b>7 849</b>	<b>213.07</b>	<b>8 822</b>	<b>(90)</b>	<b>262</b>	<b>8 994</b>	<b>238.38</b>	<b>211.38</b>

<sup>1</sup> These are 2000 actual costs, excluding the previous year's accrual adjustments.

<sup>2</sup> Numbers include pro rata apportionment for projects proposed during 2001 and exclude projects that may be approved during 2002. Similarly, pro rata apportionment has been applied for projects that are expected to be extended into 2002 or that are in suspension status.

Numbers are also pro-rated when approval of a loan is combined with Belgian Survival Fund resources.

<sup>3</sup> The budgeted average cost for 2002 is based on current best estimated full project equivalent (FPE) equivalents. Some adjustment may be required, depending upon finalization of the work programme which may change FPE equivalents and hence the estimated average cost.

<sup>4</sup> The allocation for 2002 assumes 10.7 projects entrusted to the World Bank (8.7 projects in 1999; 11.2 in 2000; 12.4 in 2001). See extraordinary price increase of USD 199 000 for 2002 (USD 640 000 in 1999; USD 389 000 in 2000; USD 287 000 in 2001), indicated separately in Table 4.

<sup>5</sup> 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.

<b>2002 BUDGET ANALYSIS BY DEPARTMENT</b>						
<b>(USD '000)</b>						
	<b>Total 2002 Proposed Budget</b>	<b>Office of the President</b>	<b>Office of the Vice-President</b>	<b>Programme Management Department</b>	<b>Economic Policy and Resource Strategy Department</b>	<b>Management and Personnel Services Department</b>
<b>Governing body and other official meetings</b>	<b>1 861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>1 809</b>
<b>Staff costs</b>	<b>28 760</b>	<b>3 372</b>	<b>4 187</b>	<b>10 158</b>	<b>2 017</b>	<b>9 026</b>
<b>Programme activities and studies</b>	<b>2 112</b>	<b>1 942</b>	<b>0</b>	<b>123</b>	<b>47</b>	<b>0</b>
<b>Office and general expenses</b>	<b>5 420</b>	<b>77</b>	<b>218</b>	<b>43</b>	<b>335</b>	<b>4 747</b>
<b>Other operational expenses, including corporate strategy, policy and resource mobilization</b>	<b>1 956</b>	<b>500</b>	<b>207</b>	<b>286</b>	<b>507</b>	<b>456</b>
<b>Total<sup>1</sup></b>	<b>40 109</b>	<b>5 891</b>	<b>4 612</b>	<b>10 610</b>	<b>2 958</b>	<b>16 038</b>

<sup>1</sup> Excludes Contingency, one-time costs, extraordinary price increase and consultation figures.



<b>2002 BUDGET ANALYSIS BY DEPARTMENT</b>					
<b>OFFICE OF THE PRESIDENT (OP)</b>					
<b>(USD '000)</b>					
	<b>Total OP</b>	<b>Office of the President</b>	<b>Office of Internal Audit</b>	<b>Office of Evaluation and Studies</b>	<b>Office of the General Counsel</b>
<b>Staff costs</b>	<b>3 372</b>	<b>844</b>	<b>358</b>	<b>1 242</b>	<b>928</b>
Regular and fixed-term staff	3 104	829	337	1 193	745
Temporary staff	234	0	21	40	173
Overtime	34	15	0	9	10
<b>Programme activities and studies</b>	<b>1 942</b>	<b>0</b>	<b>26</b>	<b>1 916</b>	<b>0</b>
Project audits and related costs	26	0	26	0	0
Evaluation and studies	1 916	0	0	1 916	0
<b>Office and general expenses</b>	<b>77</b>	<b>16</b>	<b>55</b>	<b>0</b>	<b>6</b>
Professional services	54	0	54	0	0
Miscellaneous <sup>1</sup>	23	16	1	0	6
<b>Other operational expenses, including corporate strategy, policy and resource mobilization</b>	<b>500</b>	<b>99</b>	<b>44</b>	<b>289</b>	<b>68</b>
Duty travel	431	99	44	220	68
Special studies	69	0	0	69	0
<b>Total</b>	<b>5 891</b>	<b>959</b>	<b>483</b>	<b>3 447</b>	<b>1 002</b>

<sup>1</sup> Includes 'Hospitality' and 'Other' to be sub-allocated to OP divisions during 2002.



<b>2002 BUDGET ANALYSIS BY DEPARTMENT OFFICE OF THE VICE-PRESIDENT (VP)</b>				
<b>(USD '000)</b>				
	<b>Total VP</b>	<b>Office of the Vice-President</b>	<b>Controller's Office</b>	<b>Treasury</b>
<b>Staff costs</b>	<b>4 187</b>	<b>334</b>	<b>2 846</b>	<b>1 007</b>
Regular and fixed-term staff	3 753	299	2 514	940
Temporary staff	393	29	304	60
Overtime	41	6	28	7
<b>Office and general expenses</b>	<b>218</b>	<b>3</b>	<b>91</b>	<b>124</b>
Professional services	205	0	88	117
Miscellaneous	13	3	3	7
<b>Other operational expenses, including corporate strategy, policy and resource mobilization</b>	<b>207</b>	<b>21</b>	<b>122</b>	<b>64</b>
Duty travel	207	21	122	64
<b>Total</b>	<b>4 612</b>	<b>358</b>	<b>3 059</b>	<b>1 195</b>



**2002 BUDGET ANALYSIS BY DEPARTMENT  
PROGRAMME AND MANAGEMENT DEPARTMENT (PD)**

(USD '000)

	<b>Total PD</b>	<b>Office of the Assistant President</b>	<b>Africa I Division</b>	<b>Africa II Division</b>	<b>Asia and the Pacific Division</b>	<b>Latin America and the Caribbean Division</b>	<b>Near East and North Africa Division</b>	<b>Technical Advisory Division</b>
<b>Staff costs</b>	<b>10 158</b>	<b>921</b>	<b>1 833</b>	<b>1 637</b>	<b>1 596</b>	<b>1 442</b>	<b>1 368</b>	<b>1 361</b>
Regular and fixed-term staff	10 013	896	1 815	1 627	1 574	1 427	1 331	1 343
Temporary staff	92	18	13	5	17	5	23	11
Overtime	53	7	5	5	5	10	14	7
<b>Programme activities and studies</b>	<b>123</b>	<b>123</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Strategy and related costs	21	21	0	0	0	0	0	0
Knowledge management	102	102	0	0	0	0	0	0
<b>Office and general expenses</b>	<b>43</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>25</b>	<b>2</b>
Professional services	20	0	0	0	0	0	20	0
Miscellaneous	23	6	2	2	3	3	5	2
<b>Other operational expenses, including corporate strategy, policy and resource mobilization</b>	<b>286</b>	<b>61</b>	<b>21</b>	<b>26</b>	<b>45</b>	<b>24</b>	<b>34</b>	<b>75</b>
Duty travel	253	61	21	26	40	24	34	47
Publications	5	0	0	0	5	0	0	0
Contributions to United Nations and other committees	28	0	0	0	0	0	0	28
<b>Total</b>	<b>10 610</b>	<b>1 111</b>	<b>1 856</b>	<b>1 665</b>	<b>1 644</b>	<b>1 469</b>	<b>1 427</b>	<b>1 438</b>



<b>2002 BUDGET ANALYSIS BY DEPARTMENT</b>	
<b>ECONOMIC POLICY AND RESOURCE STRATEGY DEPARTMENT (ED)</b>	
<b>(USD '000)</b>	
	<b>Total ED</b>
<b>Governing body and other official meetings</b>	<b>52</b>
Governing Council	52
<b>Staff costs</b>	<b>2 017</b>
Regular and fixed-term staff	1 870
Temporary staff	126
Overtime	21
<b>Programme activities and studies</b>	<b>47</b>
Strategy and related costs	47
<b>Office and general expenses</b>	<b>335</b>
Miscellaneous	335
<b>Other operational expenses, including corporate strategy, policy and resource mobilization</b>	<b>507</b>
Duty travel <sup>1</sup>	235
Special studies	40
Media, communication and networking	203
Contributions to United Nations and other committees	29
<b>Total</b>	<b>2 958</b>

<sup>1</sup> Includes USD 50 000 for non-project related travel for all departments.



**2002 BUDGET ANALYSIS BY DEPARTMENT  
MANAGEMENT AND PERSONNEL SERVICES DEPARTMENT (MD)**

(USD '000)

	<b>Total MD</b>	<b>Office of the Assistant President</b>	<b>Administrative and Protocol Services Division</b>	<b>Headquarters Expenses</b>	<b>Office of the Secretary</b>	<b>Management Information Systems</b>	<b>Personnel Division</b>
<b>Governing body and other official meetings</b>	<b>1 809</b>	<b>0</b>	<b>303</b>	<b>0</b>	<b>1 489</b>	<b>17</b>	<b>0</b>
Governing Council	535	0	243	0	280	12	0
Executive Board and subcommittees	1 274	0	60	0	1 209	5	0
<b>Staff costs</b>	<b>9 026</b>	<b>259</b>	<b>1 744</b>	<b>0</b>	<b>2 728</b>	<b>1 656</b>	<b>2 639</b>
Regular and fixed-term staff <sup>1</sup>	7 774	253	1 649	0	2 450	1 644	1 778
Relocation and recruitment <sup>2</sup>	234	0	0	0	0	0	234
Temporary staff <sup>3</sup>	492	3	33	0	267		189
Overtime	99	3	62	0	11	12	11
Training <sup>2</sup>	427	0	0	0	0	0	427
<b>Office and general expenses</b>	<b>4 747</b>	<b>6</b>	<b>101</b>	<b>4 164</b>	<b>80</b>	<b>389</b>	<b>7</b>
Headquarter expenses	4 169	0	0	4 164	0	0	5
Professional services	485	0	98	0	0	387	0
Miscellaneous	93	6	3	0	80	2	2
<b>Other operational expenses, including corporate strategy, policy and resource mobilization</b>	<b>456</b>	<b>10</b>	<b>56</b>	<b>0</b>	<b>291</b>	<b>16</b>	<b>83</b>
Duty travel	91	10	7	0	41	16	17
Annual report	84	0	15	0	69	0	0
Publications	175	0	34	0	141	0	0
Contributions to United Nations and other committees	66	0	0	0	0	0	66
Participation and hosting of meetings	40	0	0	0	40	0	0
<b>Total</b>	<b>16 038</b>	<b>275</b>	<b>2 204</b>	<b>4 164</b>	<b>4 588</b>	<b>2 078</b>	<b>2 729</b>

<sup>1</sup> Figures indicated under Personnel Division cover allocations for all departments for after-service medical coverage (USD 720 000), merit pay scheme (USD 32 000) and FAO medical charges (USD 70 000).

<sup>2</sup> Figures indicated under Personnel Division cover allocations for all departments.

<sup>3</sup> Figures indicated under Personnel Division cover allocations of USD 19 000 for appeals and of USD 85 000 for maternity leave for all departments.



