



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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IFAD'S YEAR 2000 COMPLIANCE PROGRAMME

I. INTRODUCTION

1. IFAD has established a comprehensive programme to ensure the smooth transition of its operations into the new millennium. The preparatory phase of the programme has been completed and the Fund is now readying itself to deal with potential emergencies. Attention has been paid also to raising the awareness of IFAD staff to such eventualities. In this connection, the Fund is cooperating with the Rome-based United Nations agencies in order to ensure, to the extent possible, that a consistent approach is followed.
2. In December 1998, the Executive Board was presented with an information paper on the various initiatives undertaken and the approach decided by the Fund. A subsequent report was presented to the Sixty-Eighth Session of the Executive Board in December 1999 on the status of preparedness. The latter report is presented below for the information of the Governing Council.

II. IFAD PROGRAMME OF WORK

3. Under the leadership of IFAD's Vice-President, the above-mentioned programme, which was launched in the latter part of 1998, was designed to address three main lines of intervention:

Risk Assessment

4. This phase assessed IFAD's vulnerability to Year 2000 problems and evaluated the business impact of possible non-compliant components. The exposure that IFAD faces is due to components, computer systems and other equipment that contain computer chips, and to partners that may not be compliant.
5. Inventories and analyses have been made of internal components. Although many vendors are claiming compliance status, most are publishing disclaimers to indicate that their status of compliance should not be considered as binding and that they cannot be held responsible for errors in their products.



6. A list has been drawn up of the areas of the Fund's business most at risk due to internal components or external entities. An analysis has been made of the impact of internal components and external partners' compliance and priorities have been assigned.

7. This phase was completed in March 1999.

Remedial Action and Validation Testing

8. Action has been taken on a number of vulnerable internal areas. IFAD has corrected its internal systems that were identified as non-compliant according to the priorities established by the risk assessment and the feasibility of corrective action. Examples are:

- network infrastructure: operating systems, active cabling systems;
- standard software: Microsoft Office Suite, messaging system;
- specialized software: software used in Treasury (SWIFT, Bloomberg, State Street);
- corporate database and applications;
- conversion of the personnel payroll system;
- corporate applications were transferred to a compliant platform;
- network servers;
- fund transfer systems (proprietary system from *Banca Commerciale Italiana*); and
- financial information system.

9. Wherever possible, IFAD has tested the compliance of systems with a critical business impact in simulated Year 2000 environments. Several dates in 1999 and in 2000 were simulated, particularly the most critical ones such as 9 September 1999, 1 January 2000 and 28 and 29 February 2000. Information technology components were tested using special software.

10. With respect to external entities, IFAD cannot be held responsible for its Year 2000 compliance. However, it has contacted its main business partners to enquire of their status of compliance, compiled the responses received and, in some instances, defined alternative ways of performing functions that are dependent on external entities.

11. In this regard, IFAD took a number of protective and proactive measures such as:

- (a) equipment contracted in 1999 was certified compliant by the vendors or a compliance clause was included in the contracts;
- (b) a "banking instruction" clause was introduced in consultants' contracts, requesting confirmation of their banking instructions and disclaiming IFAD liability in the event the consultants' banks were not compliant; and
- (c) contacts were established with the Fund's main partners, such as banks, to ensure their compliance.

12. In addition, IFAD has:

- (a) joined the efforts of other international organizations to promote awareness among partners in the developing countries. In particular, IFAD joined a Year 2000 Rome-based inter-agency group and participated actively in actions taken with common suppliers of main services, such as utilities or banking;



- (b) joined an inter-agency coordination group, comprising representatives of the Food and Agriculture Organization of the United Nations, IFAD and World Food Programme. The group was created in May 1999 for the purpose of ensuring that, whenever possible, a common policy is pursued. IFAD is actively participating in the three working groups dealing with infrastructure and communications, finance and budget, and staff issues.

Contingency Measures

13. Despite the above-mentioned initiatives, it is possible that problems may arise and have a negative impact on sensitive areas of the Fund's business. To minimize any such impact, adequate contingency measures are being developed by the Fund's Year 2000 Task Force and relevant organizational units. Teams are being trained and are ready to implement one or several of these measures in the event the Task Force calls for a contingency plan because of an emergency or other problems that cannot be resolved otherwise. Contingencies are defined from a business perspective by the divisions responsible for performing the most critical IFAD functions, regardless of the status of compliance of the tool/system used for such functions.

III. CONCLUSION

14. The Governing Council is requested to take note of IFAD's comprehensive Year 2000 compliance programme established to minimize potential disruptions in the Fund's operations. A report on the impact of Year 2000 will be presented to the Sixty-Ninth Session of the Executive Board in May 2000.