



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council – Twenty-Third Session**

Rome, 16-17 February 2000

**PROGRAMME OF WORK AND BUDGET FOR 2000**

1. In accordance with Article 6, Section 10, of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD, and on the recommendation of the Executive Board, the President hereby submits the 2000 Budget to the Governing Council for approval.
2. The Programme of Work for 2000, on which the Budget is based, was reviewed by the Executive Board at its Sixty-Eighth Session. A level of SDR 345.3 million has been approved for planning purposes on the assumption that the Fifth Replenishment negotiations will be completed during 2000. The Executive Board noted that the regional lending levels complied with the recommendations of the Report of the Chairman of the Ad Hoc Committee on Regional Allocations. It also noted the Fund's efforts to continue to increase share of lending to the African region.
3. The Executive Board, at its Sixty-Eighth Session, also reviewed the proposed Budget of IFAD for 2000. The Board expressed satisfaction at the efforts made by the Fund over the past eight years to reduce the Budget, and noted the proposed 2000 Budget level with zero real growth amounting to USD 55.4 million, including a contingency of USD 400 000, plus a separate provision of USD 141 000 for the funding of meetings in 2000 of the Consultation to Review the Adequacy of the Resources Available to IFAD. The Executive Board recommended that the President be authorized to submit the Budget to the Governing Council.
4. Accordingly, it is recommended that the Governing Council adopt the attached draft resolution, approving the 2000 Budget in the amount indicated therein.



## DRAFT RESOLUTION OF THE BUDGET OF IFAD FOR 2000

### Resolution .../XXIII

#### Budget of IFAD for 2000

#### The Governing Council of IFAD

1. **Bearing in mind** Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;
2. **Noting** that, at its Sixty-Eighth Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 2000 in the amount of SDR 345.3 million;
3. **Having considered** the review of the Sixty-Eighth Session of the Executive Board concerning the proposed Budget of IFAD for 2000;
4. **Approves** the Budget of IFAD for 2000, as contained in document GC 23/L.4, in the amount of USD 55 392 000<sup>1</sup> determined on the basis of a rate of exchange of ITL 1 805/USD 1.00, including a contingency of USD 400 000 plus a separate amount of USD 141 000 for funding meetings of the Consultation to Review the Adequacy of the Resources Available to IFAD.
5. **Decides** that in the event the average value of the United States dollar in 2000 should change against the Italian Lire rate of exchange used to calculate the Budget, the total United States dollar equivalent of the Lira expenditures in the Budget shall be adjusted in the proportion that the actual exchange rate in 2000 bears to the Budget exchange rate.

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<sup>1</sup> This figure will require adjustment in accordance with the prevailing rate of Italian Lira/United States dollar, as decided by the Governing Council. A document indicating the recommended rate and the resultant total budget will be tabled at the Twenty-Third Session of the Governing Council. Due to the introduction of the Euro, which came into effect on 1 January 1999, the prevailing Euro/United States dollar exchange rate will also be provided to facilitate comparison in future years.



## TABLE OF CONTENTS

	<b>Page No.</b>
<b>I. INTRODUCTION AND HIGHLIGHTS: 2000 AS A YEAR OF CONSOLIDATION</b>	<b>1</b>
<b>II. THE CORPORATE STRATEGY: IMPLEMENTATION TO DATE AND AGENDA FOR 2000</b>	<b>1</b>
<b>III. OPERATIONAL STRATEGY</b>	<b>2</b>
A. The Year 2000 – Meeting Emerging Challenges	2
B. Resource Strategy	5
C. Human Resources Management Strategy	7
D. Information Management Strategy	8
<b>IV. REVIEW OF RESOURCES AND COMMITMENTS</b>	<b>8</b>
<b>V. PROGRAMME OF WORK FOR 2000</b>	<b>10</b>
A. Loan Programme	10
B. Technical Assistance Grant Programme	11
<b>VI. MAJOR POLICY ISSUES AFFECTING THE 2000 BUDGET</b>	<b>13</b>
A. Up-Front Costs Relating to Re-Engineering	13
B. World Bank Supervision Charges	15
C. Consultation Meetings	15
<b>VII. THE BUDGET FOR 2000</b>	<b>15</b>
A. Governing Body and Other Official Meetings	20
B. Staff Costs	21
C. Payments for Appraisal, Supervision and Evaluation	25
D. Office and General Expenses	28
E. Other Operational Expenses, Including Corporate Strategy, Policy and Resource Mobilization	32
F. Contingency Items	34



**ANNEXES**

<b>I.</b>	<b>PROGRAMME MANAGEMENT DEPARTMENT – WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE</b>	<b>35</b>
<b>II.</b>	<b>PROGRAMME MANAGEMENT DEPARTMENT – LOAN PROGRAMME</b>	<b>36</b>
<b>III.</b>	<b>PAYMENTS FOR SUPERVISION AND ADMINISTRATION OF IFAD PROJECTS</b>	<b>37</b>
<b>IV.</b>	<b>2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT</b>	<b>38</b>
<b>V.</b>	<b>OVERVIEW OF IFAD’S REGIONAL STRATEGIES FOR 2000</b>	<b>44</b>



## **PART I - INTRODUCTION AND HIGHLIGHTS: 2000 AS A YEAR OF CONSOLIDATION**

1. At its Sixty-Seventh Session in September 1999, the Executive Board reviewed the Preview of the Programme of Work and Budget of IFAD for 2000 (document EB 99/67/R.8), which provided the Fund's strategic directions for the medium and long term and its objectives for 2000.
2. IFAD's corporate strategy for 2000 will continue to focus on its core mandate of eradicating rural poverty and will be guided by the five strategic thrusts identified in 1997. Critical linkages between divisional goals and objectives will be closely monitored.
3. Since 1995, a number of far-reaching restructuring and re-engineering initiatives have been implemented at IFAD, and the Executive Board has been informed of progress on a periodical basis. Many of the initiatives have been fully implemented; others need critical support for their development and completion. The year 2000 is therefore seen as a year when progress achieved thus far will be consolidated as a basis for enhancing efficiency gains and ascertaining that the Fund's business processes are sustainable and responsive to its needs. Since the current strategy expires in 2001, it will be necessary to start work on reviewing IFAD's corporate strategy during the coming year.
4. As the organization stands on the threshold of a new millennium, the year 2000 is an especially propitious time for looking to the future in terms of the opportunities and challenges that lie ahead in terms of eradicating rural poverty. In this connection, the Fund has begun work on a series of studies and workshops to provide inputs for a rural poverty report that is to be published in September 2000.
5. It is anticipated that the Consultation to Review the Adequacy of the Resources Available to IFAD (hereafter "the Consultation") will be concluded during 2000 and that implementation of its recommendations will be initiated.
6. During the year it is expected that a capital budget approach will be implemented, enabling the Fund to embark on longer-term development of its various work processes. A corporate systems development programme will be developed so as to incorporate the Fund's major information systems requirements for the period 2000-02. A feasibility study has been undertaken to identify the main work processes, projecting costs by component and expected investment returns on the components to be implemented. The outcome of the study provided the basis for formulating a capital budget proposal that was reviewed at the Sixty-Eighth Session of the Executive Board and is provided separately to the Twenty-Third Session of the Governing Council (document GC 23/L.6).

## **PART II - THE CORPORATE STRATEGY: IMPLEMENTATION TO DATE AND AGENDA FOR 2000**

7. The basic thrusts of IFAD's corporate strategy for the year 2000 remain the same as those articulated in 1997, that is, to:
  - support projects and programmes driven by beneficiary participation in both design and implementation;
  - create an effective portfolio management system that ensures desired field-level results;
  - ensure an effective IFAD presence and impact in the field by: (a) maintaining a credible level of lending in real terms; and (b) expanding IFAD's outreach;
  - establish and use knowledge networks on rural poverty in order to create a recognized knowledge organization; and



- develop human resource and management systems that support accountability, teamwork and decentralized decision-making and other goals.

8. The corporate strategy enables the Fund to define its priorities and adopt a long-term approach to attaining its objectives. This enables the Fund to clearly articulate its objectives and ensures that its operations and policies are geared to achieving goals in a coordinated but flexible manner. In this way, broader cooperation with internal and external partners is achieved, while allowing the Fund to remain responsive to change, development and constraints as they arise.

9. Since the adoption of the corporate strategy in 1997, emphasis has been placed on:

- (a) Increased project ownership on the part of the beneficiaries. Project-design workshops, involving all stakeholders, have helped to improve both implementation and the distribution of benefits. Dialogue with governments ensures beneficiary representation in decision-making bodies. Systematic use is made of the Fund's "Household Food and Gender Memory Checks" in project and grant activities to ensure proper gender balance.
- (b) Enhanced project implementation through a project status tracking system. Constraints are identified on a real-time basis, which makes it possible to take appropriate corrective action. By working hand-in-hand with its development partners, IFAD ensures the effective fulfilment of physical and financial conditions for project implementation.
- (c) Seeking partnerships with its clients, sister agencies, Member States and civil society to address the global challenge of eradicating poverty.
- (d) Consistently developing IFAD as a knowledge organization.
- (e) Increasing efficiency and accountability through reengineered business processes.

10. **Opportunities in the future.** IFAD's comparative advantage lies in its ability to identify the concerns, constraints and opportunities of the poor and to support programmes and projects for rural poverty eradication. Combined with its corporate strategy, the future effectiveness of IFAD will depend on its ability to take advantage both of its strengths and of the experience gained over the past 20 years. IFAD is currently examining the challenges and opportunities presented by global rural poverty and synthesizing its rich store of operational knowledge with outside knowledge to produce a report on rural poverty. Scheduled for publication in September 2000, the report will provide a consolidated statement of the organization's position on rural poverty and the challenges that development partners face in their efforts to eradicate this phenomenon. The operational strategy will draw on IFAD's evolving understanding of the challenge posed by rural poverty.

### **PART III - OPERATIONAL STRATEGY**

#### **A. The Year 2000 – Meeting Emerging Challenges**

11. The key elements of IFAD's operational strategies that will shape its lending and grant programmes for the year 2000 are:

- (a) **Participation of the poor.** In 2000 the Fund will continue its efforts to ensure that its ultimate clients – the poor – participate not only in project design and development but that they have a greater voice in project implementation (e.g. through participatory rural appraisals, joint participatory workshops, and comprehensive participatory planning and evaluation). Special emphasis will be placed on building local institutional capacity to guarantee equitable access by women to assets and other opportunities for sustainable rural poverty eradication. Greater gender awareness will also continue to be an important element in IFAD's approach to rural poverty reduction.



- (i) **Building local capacity.** Capacity building of institutions that serve the poor will be a major priority of the Fund's operational strategy in the year 2000. It will consist of three elements: (i) institutional strengthening; (ii) organizational development aimed at effectively supporting the poor; and (iii) human resources development and training. IFAD's grant resources will be channelled towards building local capacity to ensure that participatory processes are adopted and that non-governmental and civil-society organizations (particularly user associations) receive support to enable them to understand project objectives, participate in project activities and become active players in project implementation rather than passive recipients of assistance.
- (ii) **Ensuring better project implementation and desired field impact.** The Fund will maintain its emphasis on improving project implementation and making sure that project benefits reach the desired targets. IFAD's operational focus in 2000 will seek to ensure that: efforts are streamlined further in consultation with the cooperating institutions; local capacity is created to guarantee that project implementation observes agreed time schedules; and local initiatives are tapped along with undertakings by other bilateral and multilateral donors within a climate of enhanced partnership. At headquarters, the gains resulting from training in the logframe approach will be consolidated further, and the training programme will be expanded to include all project managers at the field level. At the same time, significant emphasis will be placed on seeing that projects supervised directly by IFAD are implemented properly and that the experience gained through direct supervision is internalized and future project designs are improved.
- (b) **Keeping the focus on the poorest of the poor in deprived areas and regions.** Africa will remain the primary focus of the Fund's overall lending programme. The past drop in the lending programme for Africa has been recovered through increased lending in 1998 and 1999. The sub-Saharan region, however, is still one of the world's most vulnerable. Small producers and the large masses of population displaced by human-induced and natural disasters will continue to receive priority. The Asia and the Pacific region will maintain its priority status, given that the majority of the world's poor are concentrated there and also that in many Asian countries the urban and rural poor have been severely hit by the financial crisis. Latin American countries, too, have felt the impact of financial crisis and severe weather phenomena, which have crippled the region's economic growth and cast a shadow over short and medium-term development prospects. Assistance will be given to ensure proper linkages between rural poverty-alleviation initiatives and local rural development processes. The Fund will place emphasis on helping those adversely affected to rebuild sustainable livelihoods and assisting poor farmers to develop enough resilience to shield them from such crises in future. The new Member States in the Asia and Near East regions will also bring fresh challenges in this area.
- (c) **Heavily-Indebted Poor Countries Debt Initiative.** IFAD support for the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) will continue in the year 2000. The World Bank and International Monetary Fund have prepared estimates of the cost implications of the Cologne initiative for participating international financial institutions (IFIs). A separate paper highlighting the resource implications of the enhanced policy framework for the HIPC is being presented to the current session of the Executive Board for its review and onward recommendation to the Governing Council.



(d) **Partnership-building.** Strategic partnerships will be pursued as a means of:

- (i) Entering into **cofinancing arrangements** with other financial agencies. In line with repeated requests from its governing bodies, IFAD will continue to emphasize this particular operational objective. The Fund's operational strategy will seek to scale up at least one project in each of the five regions and to secure at least 30% cofinancing, i.e. external financing of IFAD-initiated projects. However, the objective is not just to seek resources but to form closer partnerships with international agencies as a catalyst to ensure that innovative elements of IFAD-financed projects are replicated on a broader scale while mobilizing resources in pursuit of the objectives of the global agenda for rural poverty eradication.
- (ii) **Complementing and underpinning macroeconomic reform** to ensure that the benefits reach small producers and the rural poor. IFAD's interventions will continue to aim at building capacity at the grass-roots level by encouraging participation by the poor, examining and influencing the structure and orientation of extension services and financial organizations, and promoting the construction of infrastructure that responds to the needs of the rural population.
- (iii) **Sharing institutional capacity.** IFAD will work with the World Bank in the formulation of a comprehensive development framework by taking part in pilot efforts in four countries. The Fund will use this framework to extend its present level of cooperation.
- (iv) **Identifying contributions that the private sector can make in various areas.** In this regard, work in 2000 will focus on: (a) downstream value-chain linkages (processing, marketing, trading and transport); (b) high-potential industries in such sectors as the life sciences, agro-processing, financial services and energy; (c) pursuing partnership opportunities along thematic lines (research and development, advocacy) and at the corporate level (knowledge management, information systems access, consulting services); and (d) private-sector cofinancing opportunities (such as loan syndication) at the project level.
- (v) **A recognized knowledge organization.** In 1999, IFAD reviewed the adequacy of its evaluation functions with a view to intensifying its efforts to meet the objectives of Thrust "D" of the corporate strategy (knowledge generation and dissemination). The review, which aimed at improving cost-effectiveness, responsiveness and relevance, led to the formulation of renewed strategic directions based on the Fund's desire to transform evaluation into a learning process. This concept embodies the notion of learning in a participatory manner so as to enhance the usefulness and improve the impact of evaluation, both by ameliorating the performance and quality of IFAD's projects and programmes - including its strategies and policies - and by generating improved practices and knowledge for partnership with the development community at large. The objective of allocating funds for evaluation is to promote learning at the heart of the evaluation process. Much importance is given to evaluation-related exercises that contribute to generating and sharing knowledge in support of IFAD's poverty eradication efforts, such as thematic and strategic reviews, country programme evaluations and improved methodology for impact assessment.



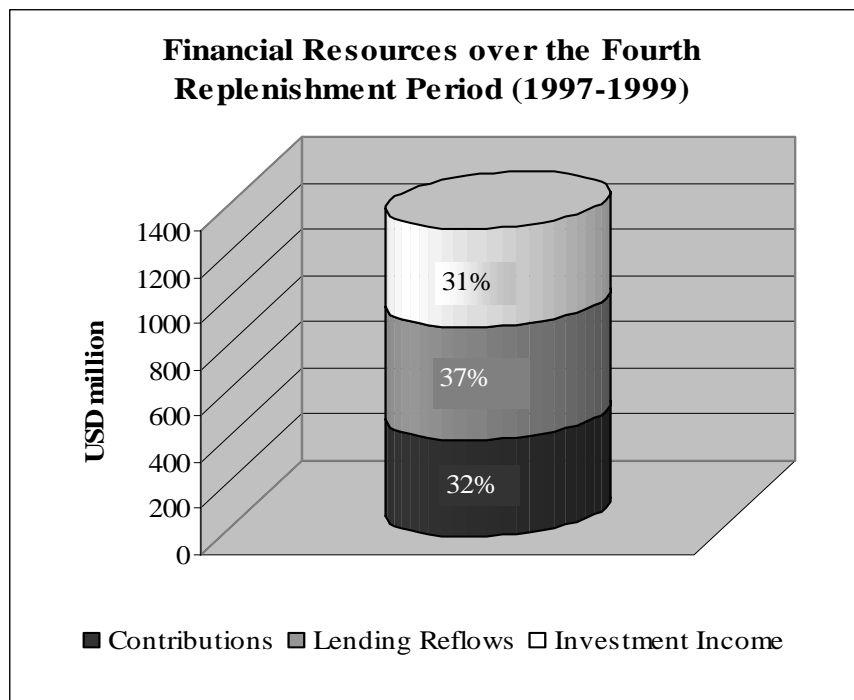
## B. Resource Strategy

### Plan of Action to Ensure Adequate Resource Availability

12. As in the past, the overall objective of IFAD's resource mobilization strategy will be to ensure the availability of adequate resources for a viable institution and credible lending level. This objective will continue to be pursued through a multifaceted approach based on three basic resource categories: **financial**, for the annual lending and grant programmes and IFAD's institutional expenses; **information and knowledge**, to enhance the relevance and impact of the Fund's interventions, as discussed in Section III.A above; and **goodwill**, to maintain public support and political will for the global poverty-eradication agenda. In this context, resource adequacy is understood to mean an effective and interrelated balance of these three categories. Achieving such a balance is the challenge facing the Fund's corporate strategy for the year 2000 and beyond.

### Regular Programme Resources

13. The combined lending and grant programme for the year 2000 is currently projected at USD 450 million in 1996 prices, subject to indications emanating from the Consultation for the period 2000-02 and decisions taken by IFAD's governing bodies in December 1999 and February 2000. The Fund's resources for the Regular Programme are derived from Member contributions, investment income and loan reflows. It is expected that the share of Member contributions in the balance of these resources for the coming years will be known by December 1999. During 2000, approximately USD 180 million is expected to accrue from loan reflows and another USD 164 million from investment earnings. The latter figure represents a rate of return of approximately 7% in nominal terms on the investment portfolio as a whole. The Fund's internally generated resources make up a significant share of the resources available for commitment, as illustrated in the following chart on the period covered by the Fourth Replenishment.





14. Accordingly, in the year 2000, IFAD's resource strategy will concentrate on following up on the findings of the Consultation and mobilizing supplemental resources to enhance the impact of the Regular Programme. The planned resource-strategy activities related to replenishment follow-up include:

- (a) Monitoring the Fund's resource position and tracking actual resource flows against projections. Resource tracking should encompass an analysis of loan and grant allocations, disbursements and reflows, the administrative budget and investment income.
- (b) Monitoring adherence to recommendations emanating from the Consultation, the Ad Hoc Committee on Regional Allocations and the policy priorities of the Fund's governing bodies vis-à-vis the programme of work over the 2000-02 period.
- (c) Monitoring the development of key donor policies and priorities in terms of their implications for the Fund's operations.
- (d) Monitoring the policies and programme orientations of the major IFIs.

### **Mobilization of Supplemental Financial Resources**

15. Supplemental resources are funds (not part of Member contributions to the core resources of the Fund ("Article 4 Resources")), that are received by IFAD to support operational programmes and activities. These resources complement and enhance IFAD's strategy and come in various forms, including: project and programme cofinancing; funds held in trust by IFAD, including possible tapping of private capital markets; and resources (financial and other) from the private sector.

16. With respect to the mobilization of cofinancing resources, the objective for the year 2000 is to raise resources to cover 30% of total project and programme costs through cofinancing from bilateral and multilateral sources. In this endeavour, interdepartmental efforts to track cofinancing policies, priorities and opportunities will be strengthened.

17. The resources held in trust by IFAD for specific purposes are normally referred to as "supplementary funds". These resources are allocated to priority areas defined on a thematic basis, such as for natural resources conservation, gender and development issues, and innovative pilot operations. Supplementary funds may also be used for consultancies to support policy studies and the design, implementation and evaluation of IFAD's projects and programmes. Resources currently available from supplementary donors total approximately USD 6.4 million. In the year 2000, IFAD will further integrate supplementary funds into the project cycle and increase the use of these resources.

18. A third area where IFAD is actively exploring potential for enhancing Regular Programme operations is through the development of market-based financial mechanisms. Several options are under review, including asset-backed financing, as part of a broader strategy to develop partnerships with the private sector.

### **Facilitating Strategic Partnerships and Mobilizing Public Support for IFAD's Objectives**

19. IFAD will continue to promote partnerships with two major constituencies in order to improve aid coordination and promote effective development policy in favour of the rural poor. These groups are United Nations agencies and other IFIs on the one hand and, on the other hand, non-governmental and civil-society organizations (NGOs and CSOs). The key activities planned with the first group in 2000 are:



- (a) monitoring and fostering development of the principal coordination and partnership frameworks, including the United Nations Development Assistance Framework and Common Country Assessments, and the Comprehensive Development Framework and the World Bank;
- (b) monitoring IFAD's follow-up to global conferences, including the World Food Summit, and its partnership with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme;
- (c) monitoring policy and resource developments of the major IFIs and sharing knowledge in-house; and
- (d) advocating rural poverty eradication at appropriate inter-agency fora.

20. With respect to the NGO and CSO community, IFAD's objective is to improve the effectiveness of its poverty-eradication efforts through enhanced policy dialogue and operational collaboration. To meet this objective, the key activities envisaged for 2000 include:

- (a) organization of a global IFAD/NGO consultative meeting on the topic of "Tripartite Partnerships for Poverty Alleviation and Food Security through Projects and Programmes";
- (b) selective strategic participation in United Nations millennium events involving NGOs and CSOs; and
- (c) finalization of an NGO database and website to reflect practical experience of cooperation with NGOs at the field level as part of a corporate information and knowledge system.

21. In the coming year, IFAD will continue working to enhance its image and build support for poverty-eradication efforts. This work will be pursued through a communications strategy aimed at producing the following results:

- (a) positioning IFAD with respect to other IFIs by highlighting both its strengths and its complementarity;
- (b) engaging the Fund's major constituencies (governments, international organizations, the general public, NGOs/CSOs and the private sector);
- (c) increasing support among donor countries for IFAD's activities;
- (d) developing and supporting programmes for disseminating information at the country level;
- (e) encouraging coverage of IFAD's poverty-alleviation work through various media; and
- (f) providing information links between the staff of IFAD and the outcome and lessons of the organization's operations and how they relate to broader developments in the international development scene.

### **C. Human Resources Management Strategy**

22. As previously indicated to the Board, as part of the Human Resources Management Strategy, re-engineering continued to play a significant role in IFAD's work during 1999. Some of the achievements were fine-tuning and monitoring of human resource strategy initiatives undertaken over the previous two years; provision of a broader range of staff training and development opportunities in support of the organization's goals; and application of quality-management techniques for the

identification, streamlining and elimination of redundant procedures. IFAD intends to address three major objectives in 2000:

- consolidation of the accomplishments of the last five years' re-engineering efforts;
- re-engineering of the remaining support services, i.e. administration and protocol, finance and personnel; and
- introduction of innovative human resource policy elements.

#### **D. Information Management Strategy**

23. **Information management.** IFAD's operational strategy for 2000 places special emphasis on improving information-management capabilities through up-front investment in reviewing business processes, developing appropriate enabling systems to support streamlined processes and upgrading the necessary hardware infrastructure. In this regard, the feasibility study anticipated in the budget preview document of September 1999 has provided the basis for the formulation of the proposal presented to the Executive Board.

### **PART IV - REVIEW OF RESOURCES AND COMMITMENTS**

24. **Commitment levels 1994-2000.** The amounts of the loans and grants approved by the Executive Board for the period 1994-99 and a proposal for the Programme of Work for 2000 are presented below.

**TABLE 1: LOANS AND GRANTS APPROVED (EXCLUDING CANCELLATIONS) 1994-99  
AND PROPOSAL FOR 2000**

	1994	1995	1996	1997	1998	1999	1999	2000
						Approved	Projected	Proposed
Number of loans	29	33	32	29	30	34	29 <sup>2</sup>	30
(SDR million, rounded)								
Total value of loans	243	261	275	288	304	310	306.9 <sup>2</sup>	319.4
Total value of grants <sup>3</sup>	12	15	19	23	24	25	25	25.9
Total value of loans and grants	255	276	294	311	328 <sup>1</sup>	335	331.9 <sup>2</sup>	345.3 <sup>4</sup>

<sup>2</sup> This excludes SDR 9.15 million postponed from 1998 for the Forest Resource Management Project in Zambia.

<sup>3</sup> From 1995 on, grants include the Project Development Fund (PDF).

<sup>4</sup> This is equivalent to the 1999 United States dollar level adjusted for inflation by 2%, as described further in Table 3.

25. Table 2 provides projections of resources available up to the end of 2000.

**TABLE 2: RESOURCES AND COMMITMENTS, 1998-2001**  
(SDR million)

	Actual 1998	Forecast 1999	Forecast 2000	Forecast 2001
Resources at the beginning of the year <sup>5</sup>	287	263	140	240
Loan cancellations and other adjustments <sup>6</sup>	37	29	36	36
Subtotal	324	292	176	276
Members' Contributions				
Third Replenishment	5	0	0	0
Fourth Replenishment <sup>7</sup>	48	65	63	0
Fifth Replenishment <sup>8</sup>			144	144
Loan reflows	119	116	131	128
Investment income <sup>9</sup>	136	53	118	120
Operating expenses <sup>10</sup>	(38)	(40)	(42)	(42)
Provisions <sup>11</sup>	(3)	(5)	(5)	(5)
Resources after expenses	591	481	585	621
Commitments – loans and grants	(328)	(341)	(345)	(355)
Resources at the end of the year	263	140	240	266

<sup>5</sup> "Resources" are defined as being net of previous loan commitments and excluding Advance Commitment Authority.

<sup>6</sup> Loan cancellations are projected on the basis of past experience and expected project closures.

<sup>7</sup> Of the total amount of USD 460 million (inclusive of USD 40 million complementary contributions), USD 420 million of the Fourth Replenishment is included, assuming that the full amount will be available for commitment by 2000. It is the policy of IFAD to make loan and grant commitments only against actual payments made in the form of cash or promissory notes.

<sup>8</sup> It is assumed that the Fifth Replenishment will be concluded at a level of approximately USD 600 million and start becoming available for commitment during 2000.

<sup>9</sup> Investment income on IFAD's investment portfolio is expected to yield 7% nominal return per annum in 2000 and 2001. However, for 1999, projections are based on current trends.

<sup>10</sup> For operating expenses and Programme of Work allocations, close to full utilization is assumed for 1999. For 2000, this includes the amount proposed for utilization under the Capital Expenditure Budget for the detailed design phase of the Process and Information Technology Support Programme USD 1.3 million.

<sup>11</sup> This includes provisions to fund the After Service Medical Coverage actuarial deficit (USD 2.6 million) and the HIPC DI Fund (USD 16 million), as approved by the Sixty-Fifth Session of the Executive Board.

## PART V - PROGRAMME OF WORK FOR 2000

26. The Programme of Work for 2000 is being maintained at the same real level as that of 1999 as adjusted for projected inflation (2%). As indicated in Table 3, the resulting overall total amounts to approximately USD 482.2 million, or SDR 345.3 million. It will be recalled that while the Programme of Work is approved by the Executive Board in Special Drawing Rights (SDR), it is traditionally planned in United States dollars and the comparison between years is expressed on that basis in Table 3.

**TABLE 3: 1999 APPROVED AND 2000 PROPOSED PROGRAMME OF WORK**

	1999 (SDR million, at 1.41031 ITL/USD)	1999 (USD million)	Price Increase (USD million)	2000 Proposed (USD million)	2000 Proposed (SDR million, at 1.39647 ITL/USD)
Loan Programme	310.1	437.3	8.7	446.0	319.4
Technical Assistance Grant Programme <sup>12</sup>	25.1	35.5	0.7	36.2	25.9
<b>Total</b>	<b>335.2</b>	<b>472.8</b>	<b>9.4</b>	<b>482.2</b>	<b>345.3</b>

### A. Loan Programme

27. **1999 projected lending programme.** The 1999 lending programme included 34 projects for a total of SDR 310.09 million (USD 437.3 million) and an average loan size of SDR 9.12 million (USD 12.9 million). In fact, without taking account of the loan to Zambia for SDR 9.15 million that was postponed from 1998 and approved in 1999, 29 projects were approved during 1999 for a total of approximately SDR 306.9 million (USD 419.7 million) at an average loan size of SDR 10.5 million.

28. **The 2000 lending programme.** Thirty projects are expected to be submitted for approval in 2000, for a total of SDR 319.4 million (USD 446.0 million) and an average loan size of SDR 10.7 million (USD 14.8 million). In line with the Report of the Chairman of the Ad Hoc Committee on Regional Allocations (document CRR I/3/R.5) and as noted by the Executive Board at its Sixty-Seventh Session held in September 1999 (document EB 99/67/R.10), the recommended regional allocations are: 36.77% for Africa; 31.01% for Asia and the Pacific; 17.03% for Latin America and the Caribbean; and 15.19% for Near East and North Africa (see Annex II). While these percentages reflect the basic regional allocations, the share of Africa (Africa I and Africa II) may be increased in response to project opportunities that arise during 2000 in order to make up for the 1997 shortfall in lending to that region. As in the past, consultations with other partners will be continued with a view to identifying opportunities for collaboration through project cofinancing, both for IFAD-initiated projects and projects initiated by cooperating institutions.

29. **Regional lending strategies.** Details of socio-economic trends, strategic operating directions and opportunities for IFAD in each of the five regions were provided in the Preview of the Programme of Work and Budget of IFAD for 2000 (document EB 99/67/R.8), and are summarized in Annex V of the present document.

<sup>12</sup> The percentage of the TAG programme to the overall Programme of Work has been maintained at 7.5%, as in 1999.

## B. Technical Assistance Grant Programme

30. The TAG programme for 2000 will be contained within the ceiling of 7.5% of the overall Programme of Work. Grant activities are selected on the basis of their providing maximum support to the realization of the Fund's corporate and regional operating strategies. The 2000 TAG programme is proposed at a level of SDR 25.9 million, and a breakdown of this amount among various categories is shown in Table 3A.

31. As in 1999, the TAG programme for 2000 will include grants in support of: (a) agricultural research; (b) other research, training and other activities to support IFAD's clients and create better awareness about rural poverty reduction opportunities; (b) project inception and development (through PDF); (c) extended cooperation programmes in support of NGOs; (d) environmental assessment; and (e) the Special Operations Facility (SOF).

32. IFAD is currently reviewing its TAG strategy. At its Sixty-Third Session, the Board considered a preliminary paper on IFAD's Policy and Strategy for Grant Financing. In September 1998, an informal seminar organized to discuss the paper provided valuable guidance for further study by Board Members. The final strategy will be submitted to the Sixty-Ninth Session of the Executive Board in April 2000.

**TABLE 3A: APPROVED 1999 AND PROPOSED 2000 TAG PROGRAMME  
(USD million)**

	1999		2000	
	Approved (USD million)	% of Overall TAG Programme	Proposed (USD million)	% of Overall TAG Programme
Agricultural research	8.51	24.01	8.51	23.51
Other research, training and other	13.67	38.56	13.84	38.23
Project Development Fund	8.77	24.74	9.15	25.28
IFAD/NGO Extended Cooperation Programme	2.35	6.62	2.55	7.04
Environmental assessment	0.4	1.13	0.40	1.10
Special Operations Facility	1.75	4.94	1.75	4.84
<b>Total</b>	<b>35.45</b>	<b>100.00</b>	<b>36.20</b>	<b>100.00</b>

33. The Fund proposes to continue financing agricultural research and training on a selective basis in order that available scientific knowledge may be used to support small-scale agricultural production and poverty alleviation. This will help identify critical constraints on income generation and food security among the rural poor and contribute to the dissemination of knowledge among development institutions, practitioners and policy-makers. The grants will be used also to develop collaboration between IFAD and regional and national research centres with a view to removing critical technical constraints on productivity and developing better understanding throughout the development community.



34. The Consultative Group on International Agricultural Research (CGIAR) centres will continue to receive strong support through IFAD's TAG programme. In late October 1999, a "CGIAR Week" with poverty alleviation as its main theme was held in Washington, D.C. IFAD will support and disseminate information on the positive outcome of that event, in line with its own investment programme.

35. In the "other research, training and other" category, IFAD will continue to provide support in terms of creating opportunities for the poor where they are most needed. Training grants will include local-capacity improvement in Central America and local-level management training in Asia. Other grants under this category may include, among others, regional action programmes in participatory natural resources management in the Near East and North Africa region; development of a pilot scheme for knowledge management networks and vegetable development in West Africa; continued support to the Regional United for Technical Assistance; support to the Popular Coalition to Eradicate Hunger and Poverty, etc.

36. In the "other grants" category, major emphasis has been placed on supporting accelerated project and portfolio performance to ensure that timely benefits reach the poor. The aim will be to strengthen local, sub-regional and regional capacity and facilitate the preparation of project completion reports.

37. **Project Development Fund.** An allocation of USD 9.15 million will be made for project development work of approximately 30 full project equivalents (FPEs), a small increase over 1999, with a view to building up the current level of pipeline projects. IFAD is currently examining the adequacy of resources allocated for project and programme development in terms of amount and scope, and the mechanisms involved. This may lead to adjustments in the approach to financing project development costs. A portion of the PDF resources will be used to undertake country portfolio reviews in order to incorporate lessons learned into project design. As in the past, PDF resources will also cover work related to strategy development and TAG design.

38. **IFAD/NGO Extended Cooperation Programme (ECP).** By extending direct grant financing to innovative pilot and experimental activities of NGOs, the ECP provides IFAD with an opportunity to tap valuable NGO experience at the grass-roots level; improve its approach to project design, implementation and evaluation; and bring about greater responsiveness and sustainability of its development operations. In addition, activities under the ECP could contribute to the development of a repository of relevant experience and know-how in operational and policy issues and thus enhance IFAD's role as a knowledge organization on poverty and poverty alleviation. This will be more systematically pursued in the coming years. Finally, the ECP helps to build partnerships and maintain regular exchanges with a family of development NGOs that can add to IFAD's strategy articulation and choice of project interventions.

39. **Environmental assessment.** The amount of USD 400 000 has been allocated for environmental assessments, in line with IFAD's policy that pipeline projects with associated significant environmental impact should be subject to formal environmental assessments. Environmental sustainability, including the judicious use, management and rehabilitation of the natural resource base, continues to be a central consideration of all IFAD projects.

40. **Special Operations Facility.** The 2000 proposal for SOF grants has been kept at the same level as 1999, i.e. USD 1.75 million. The SOF grants are used to facilitate project start-up and early implementation of support activities, and are provided to countries eligible for loans on highly concessional terms.



## PART VI – MAJOR POLICY ISSUES AFFECTING THE 2000 BUDGET

41. One of the major issues affecting the 2000 Budget, as outlined in document EB 99/67/R.8 submitted to the Sixty-Seventh Session of the Executive Board in September 1999, is the introduction of a capital expenditure budget. This question was reviewed separately at the Sixty-Eighth Session of the Executive Board and it was recommended that the President be authorized to submit a proposal thereon to the Governing Council for approval (GC 23/L.6). As in previous years, other one-time costs will be shown under “Up-front Costs Relating to Re-Engineering”. As indicated in Table 4, the extraordinary price increases relating to World Bank supervision fees and the cost of the Consultation sessions continue to be identified separately.

### A. Up-Front Costs Relating to Re-Engineering

42. An allocation of USD 1.135 million will be made for 2000 to cover up-front costs relating to re-engineering. Details of the specific amounts involved are provided in Table A.

**TABLE A: UP-FRONT COSTS RELATING TO RE-ENGINEERING**

	<b>1998 Budget</b>	<b>1999 Budget</b>	<b>2000 Budget</b>	
	<b>Actual (at 1 742 ITL/USD)</b>	<b>Restated (at 1 805 ITL/USD)</b>	<b>Real Increase (Decrease)</b>	<b>Proposed 2000 Budget (at 1 805 ITL/USD)</b>
Information systems development	<b>624</b>	<b>583</b>	<b>(583)</b>	<b>0</b>
Information security programme		55	(55)	0
Year 2000 compliance programme		198	(198)	0
Migration to 32-bit computing environment		219	(219)	0
Technical Environment of IFAD Intranet		69	(69)	0
Information Systems – Financial Information System implementation	624	42	(42)	0
Separation and placement issues	0	344	0	344
Special legal assistance		<b>28</b>	<b>0</b>	<b>28</b>
Direct supervision		28	(28)	0
Streamlining of internal procedures/processes			14	14
Reclassification appeals			14	14
Special professional assistance for investigation services	0	80	(80)	0
Human resources assessment	530	60	(60)	0
Communications campaign to support future resource consultations	0	40	(40)	0
Security equipment			35	35
Knowledge management			100	100
Streamlining of IFAD support processes <sup>13</sup>			628	628
<b>Total</b>	<b>1 154</b>	<b>1 135</b>	<b>0</b>	<b>1 135</b>

### Separation and Placement Issues

43. As reported to the Board in 1999 (document EB 98/65/R.5), with the start-up of IFAD’s individual performance system (IPS), job competencies have been identified, necessary skills for the

<sup>13</sup> This is a provisional inclusion, but may be reduced during 2000 depending upon the specific work process components to be addressed under the Capital Expenditure Budget.



diverse job requirements within the organization have been reviewed and a workload study has been conducted. As a result of these reviews and analyses, and in order to satisfy the Fund's priorities, further staff redeployment and separation may still be expected. Every effort will continue to be made to keep staff in their present posts and provide appropriate training to enable them to match their skills and performance to the requirements of their posts. IFAD will endeavour to provide counselling and support to redeployed staff, including assistance in dealing with the impact of such redeployment, training to update skills for career transition, and assistance in searching for other jobs within the organization. It is proposed to allocate a further USD 344 000 to facilitate this process.

### **Special Legal Assistance**

44. An allocation of USD 28 000 is proposed to cover one-time costs foreseen during 2000. Of this, USD 14 000 relates to the streamlining of internal procedures and processes and a similar amount is to cover activities relating to appeals lodged by a number of staff members following the 1998 reclassification exercise.

### **Security Equipment**

45. An allocation of USD 35 000 is proposed for the purchase of security equipment (metal detector/x-ray) for the screening of mail and parcels, as recommended by the United Nations Security Coordinator and the report of the Operational Risk Management Committee.

### **Knowledge Management**

46. The Rapid External Assessment called on IFAD to build up its institutional identity as a knowledge organization on rural poverty eradication. In response to this call, a number of initiatives have been taken – one of which was the creation of the Evaluation Knowledge System (EKSYST). The project development cycle has been re-engineered in such a way that it has become a learning cycle. IFAD has also placed more focus on building strategic partnerships through knowledge sharing despite the fact that much of its operational knowledge continues to be managed on a country-by-country and/or regional basis. As the need to ensure that knowledge management crosses the boundaries of functional units became increasingly clear, an initiative was taken to manage IFAD's operational knowledge on a thematic basis. By the end of 1999, four thematic groups will have been established with limited resources and are expected to come forward with interim results by 30 June 2000. On the basis of these results, the Fund may expand the scope of managing its knowledge on rural poverty eradication.

47. For 2000, it is proposed that each of the four thematic groups (plus one new group) should be allocated an additional USD 20 000 (for a total of USD 100 000). This would allow them to use the short-term services of a research assistant and an expert with relevant external thematic knowledge; produce a variety of knowledge outputs (web page, brochures, multimedia tools, publications, etc.); and organize workshops and seminars for the generation and dissemination of knowledge products.

48. Managing knowledge through thematic groups is a new process for sharing knowledge within the Fund (and, over time, with its partners) and, to this end, different approaches are being tested. It is therefore proposed to build resources into the up-front re-engineering investment in support of these pilot efforts. Once the mainstreaming phase has been reached, the budgeting approach will be reviewed.

### **Streamlining of IFAD Support Processes**

49. A provisional allocation of USD 628 000 is being made. As indicated to the Executive Board at its September 1999 session, management is now promoting the re-engineering of the support service division, i.e. including the Division of Personnel, Administrative and Protocol Services, the Office of the Secretary, the Treasury and the Office of the Controller. It is foreseen that a certain part of this undertaking may take place under the work process review planned under the Capital expenditure,



which will reduce the amount required. However, in view of timing and depending on the specific business components addressed in the first phase, management is allocating this provisional amount.

### B. World Bank Supervision Charges

50. The additional amount of USD 640 000 budgeted to absorb the extraordinary increase in the World Bank's supervision charges for 1999, as reported to the Executive Board in document EB 98/65/INF.3, has been reduced to USD 389 000 for 2000.

### C. Consultation Meetings

51. In 1999, a separate budget provision of USD 343 000 was made for three sessions of the Consultation. However, as five sessions of the Consultation took place – two more than expected – IFAD had to resort to using contingency funds to cover the additional costs. As the Consultation discussions have still not been completed, an allocation of USD 141 000 has been budgeted for 2000.

## PART VII - THE BUDGET FOR 2000

52. It is proposed to maintain the Budget for 2000 at the 1999 level. This involves a zero real increase but includes projected price/inflation increases. Over the seven years since 1993, the administrative budget has been maintained or decreased in real terms as illustrated in Boxes 2 and 3 below. Indeed, the proposed Budget for 2000 of USD 55 392 000 is lower than that of 1993 in actual United States dollar terms.

53. As will be seen, the management of the Fund has effectively demonstrated its commitment to continuous and judicious containment of administrative expenditures wherever possible.

### Box 2

#### Administrative Budget<sup>14</sup>

Real Increase (Decrease) over Previous Year (%)

1993	(2.16)
1994	(13.00)
1995	(3.60)
1996	(8.08)
1997 <sup>15</sup>	0
1998	(0.26)
1999 <sup>16</sup>	(0.04)
2000	0

<sup>14</sup> As published in each year's budget document.

<sup>15</sup> Excluding the early retirement programme.

<sup>16</sup> Excluding the Consultation.



54. It has been recognised that, rather than making artificial cuts, significant cost efficiencies must be introduced into IFAD's work processes in order to achieve real savings that will have an impact over time. These processes need to be reviewed so as to determine whether or not any changes are required, including the eventual phasing-out of some processes.

55. Had the Budget been held artificially at zero-nominal growth without analysing the budgetary needs for the Fund's core activities and strategic direction, it might have been assumed that the last seven years' activities had been stifled. No new growth would have been possible and indeed the Fund would have risked poor performance and low staff morale. All units would have had less than their "real" budgetary share for the same levels and types of activities or work processes since inflation increases relating to staff and other fixed costs would, in one way or another, have had to be absorbed. It would have been impossible to embark on new activities and the Fund's core programmes would have been seriously affected.

56. IFAD's management instead took a proactive and dynamic approach. In consultation with staff and Member States, a number of priorities were set, unnecessary activities were eliminated and work processes were reviewed to identify the most cost-effective ways of conducting them. This examination of work processes often necessitated an up-front investment that, in most cases, has been absorbed through a zero-real-growth budget in later years. That approach also encouraged managers to streamline a number of work processes and to achieve "more for less".

57. The re-engineering of a number of work processes that began in 1994/95 led to real budgetary savings, especially in the areas of document management, publications and the project development cycle. The resulting improved, more transparent project cycle has strengthened project performance and improved output in other areas. The number of IFAD publications has tripled over the past three years. These savings were subsequently used both to fund new activities and to strengthen project implementation and supervision.

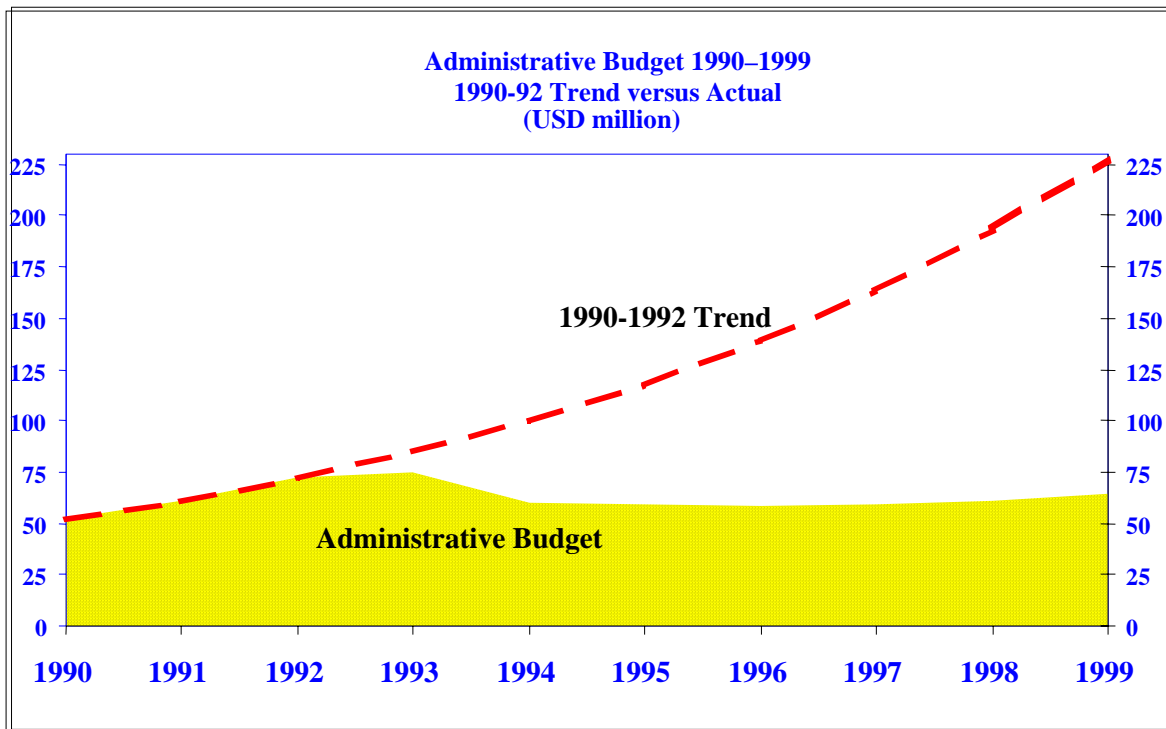
58. As a result of re-engineering, and without additional resources, a number of new activities have been undertaken. These include: (a) direct supervision of 15 projects; (b) a real increase of approximately 30% in the lending programme in United States dollar terms; (c) launching of the Popular Coalition to Eradicate Hunger and Poverty; (d) establishing IFAD as a knowledge organization; and (e) implementing a unified corporate vision and strategic direction.

59. Information technology (IT) initiatives resulting from re-engineering provide support to several areas: the Project Portfolio Management System to the project cycle; the Documents Management System and the Records Management System to the Documents Centre; and the PeopleSoft Accounts Payable/Purchase Order System to procurement and finance. In addition, and as already reported to the Board, by means of a comprehensive analysis and design initiative the Human Resource Management Team has identified the need to implement a human resources management programme supported by IT tools. All these initiatives that were carried out during the period 1994-99, have been funded within the limits imposed by IFAD's zero-growth yearly administrative budget policy.

60. As a next step, IFAD has set out to address the efficiency of other support areas. As anticipated in the Progress Report on Management Information Systems (EB 99/67/R.25), IFAD has undertaken a comprehensive institutional study to define the operational structure of its internal work processes in the context of further re-engineering and determine the corporate priorities for information system support. Having ascertained through the study the benefits of an institutional development programme, IFAD has developed a case for the capital budget financing of its 200-02 processes renewal programme.

61. The 1999 budget approved by the Twenty-Second Governing Council (at the then prevailing rate of ITL 1731.29/USD1.00) amounted to USD 55 416 000. This included a contingency of USD 400 000, plus a separate amount of USD 343 400 for funding the 1999 sessions of the Consultation. The 2000 budget, including contingency items of USD 400 000, is proposed at USD 55 392 000 excluding USD 141 000 for funding one session of the Consultation.

**Box 3\***



\* Box 3 shows how budget growth has been curbed in over the last seven years. Previous annual budgets had shown a persistent upward trend, particularly during the period 1990-92. Between 1993 and 1996, the budget decreased by about 30% in real terms and has since remained constant in real terms.

62. **Use of the 1999 Budget.** Table 4 provides projected 1999 administrative expenditure costs against approved budget category allocations. These costs have been restated for the purpose of comparison, using the latest projected average ITL/USD exchange rate for 1999 (ITL 1 805/USD 1.00). As in 1999, the figures will be restated using the latest available average ITL/USD and Euro/USD exchange rates when the budget is presented to the Twenty-Third Session of the Governing Council for approval. Current projections indicate full use of all 1999 budget categories.

**TABLE 4: COMPARISON OF 1998 ACTUAL, 1999 AND 2000 BUDGETS  
(USD '000)**

	1998	1999					2000		
	Actual (at 1 742 ITL/USD)	Originally Approved (at 1 734 ITL/USD)	Projected Expenditure (at 1 731.29 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Revised (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
Governing body and other official meetings	1 775	1 840	1 842	1 842	1 786	1 786	(50)	68	1 804
Staff costs	28 102	27 834	27 869	27 869	26 964	27 014	32	1 104	28 150
Payments for appraisal, supervision and evaluation	13 753	14 914	14 917	14 917	14 830	14 830	24	164	15 018
Office and general expenses	5 790	6 045	6 053	6 053	5 875	5 825	(21)	128	5 932
Other operational expenses, including corporate strategy, policy and resource mobilization	2 182	2 540	2 542	2 542	2 486	2 486	15	63	2 564
Contingency items									
(a) Expenses for the new headquarters building		150	150	150	150	150			150
(b) Unforeseen expenses		250	250	250	250	250			250
<b>Subtotal</b>	<b>51 602</b>	<b>53 573</b>	<b>53 623</b>	<b>53 623</b>	<b>52 341</b>	<b>52 341</b>	-	<b>1 527</b>	<b>53 868</b>
Up-front costs relating to re-engineering	624	1 153	1 153	1 153	1 135	1 135	-	0	1 135
<b>TOTAL</b>	<b>52 226</b>	<b>54 726</b>	<b>54 776</b>	<b>54 776</b>	<b>53 476</b>	<b>53 476</b>	<b>0</b>	<b>1 527</b>	<b>55 003</b>
Extraordinary price increase (World Bank)		640	640	640	640	640	(37)	(214)	389
<b>GRAND TOTAL</b>	<b>52 226</b>	<b>55 366</b>	<b>55 416</b>	<b>55 416</b>	<b>54 116</b>	<b>54 116</b>	<b>(37)</b>	<b>1 313</b>	<b>55 392</b>
Consultation		343	343	343	333	333	(192)	0	141

*See Table 5*

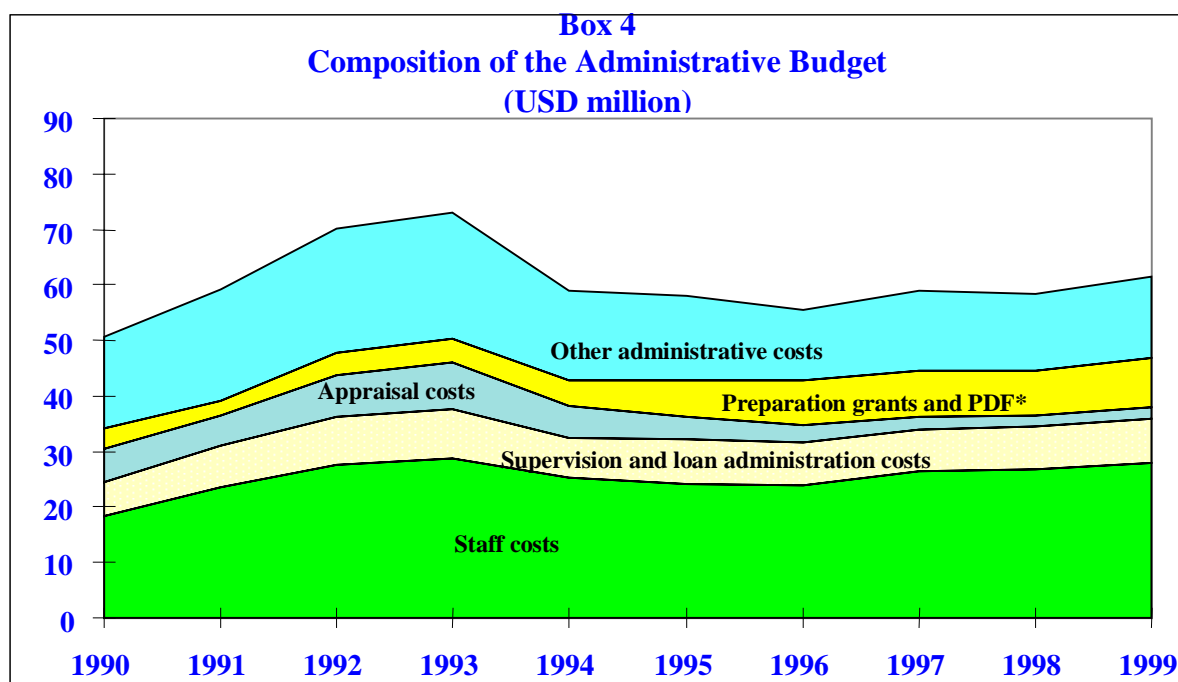
*See Table 6*

*See Table 7*

*See Table 8*

*See Table 9*

<b>2000 Budget vis-à-vis 1999 Budget</b>	
Real increase (decrease) overall	0.00%
Nominal price increase	2.85%



\* While not pertaining to the budget proper, the costs of project preparation - now covered by the PDF under the TAG programme - are included here as expenditure related to project delivery.

63. **Proposed expenditures in 2000.** As in earlier years, the estimated costs for different types of expenditures take account of current trends and past experience. These include movements in indexes, 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% has been applied to all Rome-based expenses based on the average projected Italian inflation rate for 2000;
- (b) the salary increases for Professional and General Service staffs 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 into account any pending recommendations of the International Civil Service Commission (ICSC). These rates may 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 2000:
  - (i) approximately 2.5% on salaries and post adjustments to cover the annual/biennial within-grade step increases and expected movements in grades;
  - (ii) a 3% cost-of-living increase for the General Service staff, effective 1 November 2000, and a 3% provision for the expected salary survey results effective 1 October 2000;
  - (iii) provision has been made for the anticipated movement of four points in the post-adjustment scale for Professional staff, effective May 2000;



- (iv) a 3% increase in pensionable remuneration for Professional staff as from November 2000;
- (v) an expected 15% increase in medical plan contributions and after-service medical costs as from January 2000;
- (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 2% for airfares and 2% for the 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.

64. The following pages provide details on the individual categories of the administrative budget, including explanations of any significant variances. Annex IV provides estimates of the budget for 2000, broken down by organizational unit.

#### **A. Governing Body and Other Official Meetings**

65. The costs of the Twenty-Fourth 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 2000 are detailed in Table 5. Savings to cover the increased number of Evaluation Committee meetings will be sought primarily through reduced hiring of non-local translation staff, more efficient documentation flows and greater use of remote translation for Executive Board meetings. The real decrease of USD 50 000 under this budget heading will be transferred to the Staff Costs category to offset the cost of converting a long term temporary (LTT) staff member to regular status. The overall proposed 2000 allocation includes a provision of USD 68 000 to cover possible changes in the remuneration rates of conference staff, Rome DSA and travel costs.



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

	1998	1999		2000		
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
<b>(a) GOVERNING COUNCIL</b>						
Professional staff (salaries/allowances/subsistence), Interpreters, translators and other	211	162	159	-	2	161
Temporary support staff (salaries/allowances/subsistence)	196	199	191	(25)	9	175
Travel expenses	30	35	34	-	-	34
Communications, security and other services	85	78	75	(10)	2	67
Supplies, printing and miscellaneous	112	105	100	24	2	126
<b>Subtotal</b>	<b>634</b>	<b>579</b>	<b>559</b>	<b>(11)</b>	<b>15</b>	<b>563</b>
<b>(b) EXECUTIVE BOARD AND SUBCOMMITTEES</b>						
Professional staff (salaries/allowances/subsistence), Interpreters, translators and other	618	698	684	-	12	696
Temporary support staff (salaries/allowances/subsistence)	289	355	341	(34)	36	343
Travel expenses	80	85	82	-	2	84
Executive Directors (travel and subsistence)	98	73	70	-	2	72
Communications, security and other services	18	24	23	(2)	-	21
Supplies, printing and miscellaneous	38	28	27	(3)	1	25
<b>Subtotal</b>	<b>1 141</b>	<b>1 263</b>	<b>1 227</b>	<b>(39)</b>	<b>53</b>	<b>1 241</b>
<b>GRAND TOTAL</b>	<b>1 775</b>	<b>1 842</b>	<b>1 786</b>	<b>(50)</b>	<b>68</b>	<b>1 804</b>

### B. Staff Costs

66. Table 6 details the total projected costs for 2000 of USD 28 150 000 relating to approved posts within the organization. Total price increases of USD 1 104 000, as mentioned in paragraph 63, and an overall real increase of USD 32 000 are further elaborated upon below.

TABLE 6: STAFF COSTS  
(USD '000)

	1998	1999		Revised (at 1 805 ITL/USD)	2000			Professional	General Service	Other
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)		Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)			
(a) Salaries and post adjustment	17 200	16 920	16 284	16 284	52	596	16 932	10 738	6 162	32
(b) Education grants and other allowances	1 566	1 754	1 694	1 694		66	1 760	1 572	188	
(c) Pension and medical plan contributions <sup>1</sup>	4 728	5 252	5 148	5 198	22	295	5 515	3 151	1 718	646
(d) Home leave	311	315	304	304		6	310	309	1	
(e) Repatriation and separation payments	1 462	1 443	1 416	1 416		74	1 490	815	675	
(f) Relocation and recruitment	387	416	401	401	(46)	8	363			363
<b>Regular and Fixed-term Staff</b>	<b>25 654</b>	<b>26 100</b>	<b>25 247</b>	<b>25 297</b>	<b>28</b>	<b>1 045</b>	<b>26 370</b>	<b>16 585</b>	<b>8 744</b>	<b>1 041</b>
(g) Short-term temporary staff	1 253	1 103	1 070	1 070	9	41	1 120	354	766	
(h) Overtime	191	226	217	217	(5)	9	221		221	
(i) Training	1 004	440	430	430		9	439			439
<b>GRAND TOTAL</b>	<b>28 102</b>	<b>27 869</b>	<b>26 964</b>	<b>27 014</b>	<b>32</b>	<b>1 104</b>	<b>28 150</b>	<b>16 939</b>	<b>9 731</b>	<b>1 480</b>

<sup>1</sup> For comparison purposes, this has been revised to include FAO medical costs previously shown under the "Office and General Expenses" heading.



**TABLE 6A: STAFF LEVELS AS AT 31.10.1999**<sup>17</sup>

	Professional and Higher Grade Staff						Support Staff
	AP	D-2	D-1	P-5	P-4	P-2/3	Total
<b>Office of the President (OP)</b>							
Office of the President		1					1
Office of Internal Audit				1	1	1	3
Office of Evaluation and Studies			1	3	3		7
Office of the General Counsel			1	2	2		5
<b>TOTAL OP</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>16</b>
<b>Office of the Vice President (VP)</b>							
Office of the Vice President							1
Controller's Office			1	4	2	1	8
Treasury			1	1	1	2	5
<b>TOTAL VP</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>13</b>
<b>Programme Management Department (PD)</b>							
Office of the Assistant President	1			2	1	1	5
Africa I Division		1		6	3		10
Africa II Division			1	6	2	1	10
Asia and the Pacific Division			1	7	1		9
Latin America and the Caribbean Division		1		6	1		8
Near East and North Africa Division			1	6	1		8
Technical Advisory Division			1	7			8
<b>TOTAL PD</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>40</b>	<b>9</b>	<b>2</b>	<b>58</b>
<b>Economic Policy and Resource Strategy Department (ED)</b>							
Office of the Assistant President	1	1	1	2	6	1	12
<b>TOTAL ED</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>12</b>
<b>Management and Personnel Services Department (MD)</b>							
Office of the Assistant President	1						1
Administrative and Protocol Services				1	1	2	4
Management Information Systems			1	1	4	3	9
Office of the Secretary			1	2	5	6	14
Personnel Division			1	2	1	1	5
<b>TOTAL MD</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>11</b>	<b>12</b>	<b>33</b>
<b>GRAND TOTAL</b>	<b>3</b>	<b>4</b>	<b>12</b>	<b>59</b>	<b>35</b>	<b>19</b>	<b>158</b>

67. Table 6A reflects the current grading and departmental allocation of the Fund's approved staff posts that are to be maintained at the 1999 level, with the exclusion of LTTs. As previously reported to the Board, the latter staff are funded elsewhere. Management is still seeking a longer-term solution to absorbing the LTTs, as for 2000 and the immediate future turnover trends do not foresee this possibility. Other key items are as follows:

- (a) **Salaries and post adjustment.** For Professional staff, USD 219 000 has been allocated for within-grade step increases and an increase in the post-adjustment scale, as outlined in paragraph 63(b)(i) and (iii). For General Service staff, the provision for salary-scale

<sup>17</sup> The President and Vice President are not included in the staffing figures.



increases and a portion of the biennial within-grade increase is USD 377 000. These adjustments total USD 596 000, equivalent to an increase of approximately 3%. The real increase of USD 52 000 relates mainly to the conversion of an LTT, as mentioned in paragraph 65.

- (b) **Education grants and other allowances.** The proposed increase of USD 66 000 mainly reflects the projected increases for education grant allowances.
- (c) **Pension and medical plan contributions.** The price increase of USD 295 000 is mainly due to an increase of USD 206 000 in the medical plan and After-Service Medical Coverage (ASMC) and the 3% increase in the scale of the pensionable remuneration that is expected to be effective as of November 2000 for both staff categories.
- (d) and (e) **Home leave, repatriation and separation payments.** The higher level reflects an increase of USD 6 000 in airfares for home leave; those for repatriation and separation of Professional and General Service staff total USD 74 000.
- (f) **Relocation and recruitment.** As mentioned earlier, recruitment and relocation costs increased significantly in 1999. For 2000, the total relocation allocation has been reduced by USD 46 000 in view of current vacancy and separation trends. Price increases of USD 8 000 reflect the inflation increase for appointment and interview travel and the appointment costs of Professional staff. Although fewer retirement cases are foreseen in 2000, ongoing recruitment activities will continue into the New Year. Provision has also been made for resignations and/or transfers during 2000.
- (g) **Short-term temporary staff.** There is a small increase of USD 9 000 which, with price increases of USD 41 000, brings the total under this heading to USD 1 120 000.
- (h) **Overtime.** The 1999 allocation has been slightly reduced by USD 5 000. With a price increase of USD 9 000, this budget heading totals USD 221 000 for 2000.
- (i) **Training.** Activities for inclusion in the 2000 training programme have been identified through management directives or policy-related issues and the planning and development sheets of the IPS. Training programmes are designed to support IFAD systems and to build on existing knowledge and skill bases. It is intended to maintain the 2000 allocation at the 1999 level. Activities identified for 2000 represent progressive stages of the human resources development strategy and focus mainly on:
  - **Support to change.** As a continuation of the work begun in 1998 and 1999, training will include management and supervisory skills, performance management and team building. This training, which will address requirements identified during the course of 1999 through a needs assessment exercise, will focus on capacity building to assist staff to meet the Fund's strategic objectives. Follow-up sessions will support the knowledge management initiatives launched so far by providing a forum for the exchange of knowledge and experience. Team-building sessions were initiated in 1998 and continued through 1999 to strengthen group cohesion and resolve perceived organizational development issues. Further sessions in 2000 will focus on continuing recent unit interventions, cross-unit team building and self-managing work teams.
  - **Enhancement of staff skills.** Drawn from the IPS planning and performance sheets, the training needs identified for 2000 include: rural development issues, finance, accounting, human resources, IT, industrial environment and safety, inter-personal and communication skills, language skills, logframe, microfinance, basic economics for non-economists, presentation skills, negotiating, interviewing, time-management, work organization and process-mapping skills.



- **Policy-related training.** Risk management-related training has been conducted for the past two years and will continue through 2000.
- **Educational assistance grants.** Introduced in 1994, this programme will continue to provide staff with financial assistance for university studies related to their work and career development.

68. Every effort has been made to maximize available training funds by organizing in-house training workshops. However, where it is clear that requirements are best satisfied through external training, this will be funded from the training budget. Use of external experts, consultants and institutional training will continue, the costs for which include travel expenses, didactic material, equipment and supplies, conference facilities, accommodation and transportation for participants.

### **C. Payments for Appraisal, Supervision and Evaluation**

69. Table 7 details the overall projected costs of USD 15 018 000 for 2000.

#### **Appraisal and Related Costs**

70. As in 1999, it is proposed to undertake 33 full appraisal equivalents for a total of USD 2 016 000. This is the minimum level required, given the need to: (i) appraise a significant number of projects for consideration by the Board during 2000 while ensuring that appraisal work starts on projects scheduled for submission to the April 2001 Session of the Board; (ii) ensure a better spread of projects in the coming years; and (iii) build up the current pipeline and advance project development work to prepare a small reserve of projects to allow for slippage. A number of cofinancing opportunities has been identified for 2000. Discussions are currently taking place with the African Development Bank and the World Bank to firm-up cofinancing arrangements, and the final number of cofinanced projects in 2000 will depend on the outcome of these discussions. The total proposed allocation of USD 2 016 000 includes price increases of USD 45 000 to reflect projected changes in rates for consultants and in travel/DSA worldwide.

#### **Direct Supervision by IFAD**

71. At its Twentieth Session in February 1997, the Governing Council passed a resolution that allowed IFAD to directly supervise a limited number of projects (15 in total). The first such project was approved in April 1997 and, since then, a further 13 have been approved. The 15th project is to be submitted for the approval of the December 1999 session of the Executive Board. These projects have made significant progress either in implementation or in pre-implementation preparatory work. As budgetary resources are requested for a total of 10.5 FPEs, a slightly increased allocation for direct supervision is proposed in order to reflect the expected status of such projects. These funds will allow IFAD to supervise and follow up these projects effectively. Direct IFAD's supervision of projects is expected to translate into better implementation and more effective results on the ground.

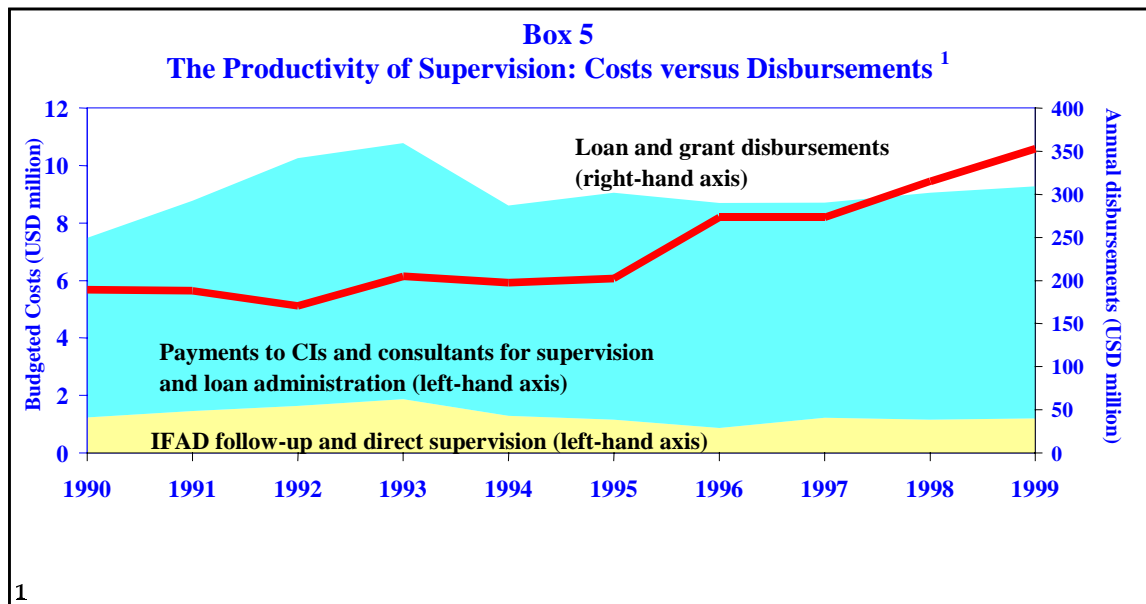
**TABLE 7: PAYMENTS FOR APPRAISAL, SUPERVISION AND EVALUATION  
(USD '000)**

	1998	1999		2000		
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
<b>1 Appraisal and Related Costs</b>	<b>2 047</b>	<b>2 059</b>	<b>2 038</b>	-	<b>46</b>	<b>2 084</b>
(a) Strategy development	80	68	67	-	1	68
(b) Appraisals	1 967	1 991	1 971	-	45	2 016
<b>2 Supervision and Related Costs</b>	<b>9 096</b>	<b>9 836</b>	<b>9 817</b>	<b>9</b>	<b>47</b>	<b>9 873</b>
(a) Cooperating institutions <sup>1</sup>	7 910	8 073	8 073	(26)	21	8 068
(b) Direct supervision	60	411	408	16	5	429
(c) IFAD follow-up	1 025	1 120	1 107	18	17	1 142
(d) Supervision of TAGs	101	187	184	11	3	198
(e) Audits of loans and grants initiated by IFAD	-	45	45	(10)	1	36
<b>3 Staff Travel</b>	<b>904</b>	<b>1 137</b>	<b>1 113</b>	<b>15</b>	<b>25</b>	<b>1 153</b>
(a) Appraisal and IFAD follow-up	890	1 059	1 037	-	22	1 059
(b) Direct supervision	14	78	76	15	3	94
<b>4 Evaluation and Studies</b>	<b>1 706</b>	<b>1 885</b>	<b>1 862</b>	-	<b>46</b>	<b>1 908</b>
<b>TOTAL</b>	<b>13 753</b>	<b>14 917</b>	<b>14 830</b>	<b>24</b>	<b>164</b>	<b>15 018</b>

<sup>1</sup> Excludes the extraordinary price increase (USD 389 000) levied by the World Bank. This is shown separately in Table 4.



## Supervision and Related Costs



<sup>1</sup> Costs include direct payments to Cooperating Institutions (CIs) and consultants for supervision and loan administration, and incremental costs of IFAD staff for follow-up. Disbursements include loans and grants but exclude project preparation grants and PDF. The 1999 disbursement figures are estimates.

**Note, the amounts for IFAD direct supervision are too small to show as a separate area.**

72. Investments in project supervision and implementation follow-up are paying off as loan and grant disbursements have been rising steadily over the past few years.

### Audits of Loans and Grants Initiated by IFAD

73. The proposed allocation of USD 36 000 will be used by the Office of Internal Audit to fund its 2000 audit programme of grant activities, focusing on grants not audited by external auditors.

### Staff Travel

74. The proposal allocation for 2000 for appraisal and follow-up remains unchanged from the 1999 level.

### Evaluation and Studies

75. The allocation under this budget heading is drawn up with the objective of promoting learning at the heart of the evaluation process. For this purpose, much importance is accorded to evaluation-related exercises that contribute to the generation and sharing of knowledge in support of IFAD's poverty eradication efforts, such as thematic and strategic reviews, country programme evaluations, production of lessons learned and improved impact assessment methodology. Details of the activities for 2000 are provided in Table 7A below.

**TABLE 7A: EVALUATION AND STUDIES  
(USD '000)**

	1999		2000		
	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
<b>4 EVALUATION AND STUDIES</b>					
Mid-term evaluations	221	218	63	7	288
Interim evaluations	402	396	19	10	425
Completion/ex post project missions	410	405	(296)	3	112
Country portfolio evaluations	119	118	-	3	121
Thematic and strategic reviews	273	270	224	12	506
EKSYST and IFADEVAL	45	44	35	2	81
Strategy and re-organization of the Office of Evaluation and Studies (OE)			85	2	101
(ex preparation of TAG on monitoring and evaluation)	14	14			
Training activities/workshops	132	130	18	4	152
Methodology work	128	127	(57)	2	72
Knowledge management through evaluation			(17)	1	50
(ex OE/PD activities in evaluation participation)	67	66			
Evaluation knowledge web	28	28	(28)	0	0
LEOS programme	21	21	(21)	0	0
Information technology	25	25	(25)	0	0
<b>GRAND TOTAL</b>	<b>1 885</b>	<b>1 862</b>	<b>-</b>	<b>46</b>	<b>1 908</b>

#### D. Office and General Expenses

76. Table 8 provides details of the proposed allocation for 2000 of USD 5 932 000 to cover headquarters expenses, professional services and miscellaneous expenditures.

(a) **Headquarters expenses**

This heading covers the costs of running the Rome headquarters premises, as well as office equipment, computer services, communications and administrative supplies.

- (i) **Security and custodial services.** The proposed allocation of USD 378 000 includes provision for the security contract as well as technical assistance for the security systems in IFAD headquarters and IFAD/2 offices. This amount represents a real increase of USD 32 000 to provide for additional guard services for IFAD/2 in view of the many activities foreseen in 2000.



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

	1998	1999		2000			
	Actual ITL/USD (at 1 742)	Budget ITL/USD (at 1 731.29)	Restated ITL/USD (at 1 805)	Revised ITL/USD (at 1 805)	Real Increase (Decrease)	Price Increase	Proposed Budget ITL/USD (at 1 805)
<b>HEADQUARTERS EXPENSES</b>							
Security and custodial services	356	354	339	339	32	7	378
Communications	530	582	559	559	(2)	11	568
Utilities and premises	1 173	1 306	1 253	1 253	(52)	24	1 225
Supplies and printing	452	439	421	421	21	9	451
Office equipment and maintenance	190	179	172	172	-	3	175
Computer services	1 654	1 685	1 645	1 645	-	37	1 682
Other	113	135	131	131	3	3	137
<b>Subtotal</b>	<b>4 468</b>	<b>4 680</b>	<b>4 520</b>	<b>4 520</b>	<b>2</b>	<b>94</b>	<b>4 616</b>
<b>PROFESSIONAL SERVICES</b>							
External Auditors' fees and expenses	98	100	96	96	-	4	100
Financial services	184	181	177	177	-	5	182
Translators – external	10	-	-	-	-	-	-
Legal services	24	26	25	25	-	1	26
Building – technical services	22	21	20	20	-	1	21
Consultants for systems audit	40	-	-	-	-	-	-
Specialist audit services	-	80	79	79	(24)	1	56
Consultants - MIS system development	417	427	424	424	-	12	436
<b>Subtotal</b>	<b>795</b>	<b>835</b>	<b>821</b>	<b>821</b>	<b>(24)</b>	<b>24</b>	<b>821</b>
<b>MISCELLANEOUS</b>							
Hospitality	35	46	44	44	1	1	46
Library, books and periodicals	77	80	79	79	-	1	80
United Nations Liaison	316	325	325	325	-	7	332
FAO charges <sup>1</sup>	29	50	50	-	-	-	-
Other	45	37	36	36	-	1	37
<b>Subtotal</b>	<b>502</b>	<b>538</b>	<b>534</b>	<b>484</b>	<b>1</b>	<b>10</b>	<b>495</b>
<b>CREDIT UNION</b>							
Credit Union Manager	25	-	-	-	-	-	-
<b>Subtotal</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>5 790</b>	<b>6 053</b>	<b>5 875</b>	<b>5 825</b>	<b>(21)</b>	<b>128</b>	<b>5 932</b>

<sup>1</sup> For comparison purposes, this excludes FAO charges that are now shown under Staff Costs.



- (ii) **Communications.** The proposed allocation of USD 568 000 covers telecommunications (USD 506 000) and mail and courier services (USD 62 000). Most of the business processes involved in IFAD's worldwide operations rely on an efficient telecommunications infrastructure. It is essential to design, develop and maintain efficient links to global electronic networks, such as the Internet and WorldWide Web, that permit fast, reliable and cost-effective communications with staff and working counterparts in the field and can be used as a means of global information collection and exchange. Travelling staff should be able to connect to and exchange information with headquarters in a straightforward and efficient manner, particularly since IFAD does not have field offices. This infrastructure is based on an integrated set of voice, fax and telex communications services outsourced to international carriers, with access to the Internet currently provided by the International Computing Centre. The international/national courier services were recently reviewed and the 2000 level is being decreased by USD 2 000. During 2000, the quality of services will be monitored and any price impact will be reflected in future years.
- (iii) **Utilities and premises.** This heading covers building operations and maintenance, correlated cleaning and labour services, technical plant operations including heating and air-conditioning, building supplies, condominium charges for IFAD's electricity, water and gas consumption and improvements to the premises not financed by the Host Government. The proposed allocation of USD 1 225 000 for 2000 represents a decrease of USD 52 000 over 1999 due to stabilization of requirements in IFAD/2.
- (iv) **Supplies and printing.** This heading covers print shop operations and related equipment maintenance, document reproduction, office supplies and stationery. The proposed allocation of USD 451 000 for 2000 includes a real increase of USD 21 000 for the introduction of a new reproduction system to improve the efficiency of internal printing.
- (v) **Office equipment and maintenance.** The 1999 allocation of USD 175 000 is proposed to be maintained and covers the purchase, replacement and maintenance of headquarters office equipment, including vehicles, safes, audio-visual equipment and standard office fittings.
- (vi) **Computer services.** This heading covers expenditure for ongoing information technology services and tools required to support the operations of the Fund. Amounts under this line item, which are largely pre-committed on the basis of contracts and service agreements, fall under five major areas as follows:

<b>Computer Services</b>	<b>1999 Budget (USD '000)</b>	<b>2000 Proposed (USD '000)</b>
Operation and support of IFAD technical infrastructure to ensure the continuity and reliability of network and computer services	944	882
Support of end-users for standard applications through Hotline assistance and training at various levels	211	275
Maintenance and support of corporate systems in operations	165	203
External computer services for mainframe applications and Internet working	289	278
Maintenance of technical infrastructure	36	44
<b>Total</b>	<b>1 645</b>	<b>1 682</b>

(vii) **Other.** This heading, which covers expenditure for headquarters insurance cover, purchase, replacement and maintenance of cafeteria equipment, medical supplies, a variety of miscellaneous services and provision for the new catering contract, includes a slight real increase of USD 3 000 and is proposed at USD 137 000 for 2000.

**(b) Professional Services**

This heading covers the cost of the external professional services used for normal office and financial administration. The proposed 2000 budget allocation under this heading is USD 821 000.

- (i) **External Auditors' fees and expenses.** The External Auditors' fees and expenses for 2000 have been projected at USD 100 000, which includes an estimated price increase of USD 4 000.
- (ii) **Financial services.** The proposed allocation of USD 182 000, which remains unchanged from 1999, covers costs incurred by Treasury for subscriptions to an on-line financial-market information service, a rating agency service, publications and professional services.
- (iii) **Legal services.** The proposed allocation of USD 26 000 provides for 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 juridical procedures. A review of these services during 2000 may have an impact on future budget allocations.
- (iv) **Building-technical services.** The proposed allocation of USD 21 000 under this heading, which remains unchanged from 1999, provides for technical support services. A retainer arrangement has been made with an architectural consulting firm to advise on matters pertaining to the provisional headquarters building, IFAD/2 offices, technical projects for building improvements and assistance with the Italian technical authorities.
- (v) **Specialist audit services.** The proposed allocation of USD 56 000 shows a real decrease of USD 24 000 over 1999, and will provide the Office of Internal Audit with adequate funding for its planned outsourcing of specialist audit services (e.g. IT investment management). The outsourcing of specialist expertise is a key element in the audit strategy to provide more effective internal audit services in specialist areas.



- (vi) **Consultants – management information systems development.** 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. This includes maintenance and enhancement of existing corporate systems, limited systems development and database administration, as well as specialized support of mainframe systems, financial systems and document and knowledge management systems. It is proposed that the development of new major systems be funded through the Capital Expenditure Budget.
- (c) **Miscellaneous**
- (i) **Hospitality.** The proposed allocation of USD 46 000 for 2000 represents a slight increase of USD 1 000 over 1999 and a price increase of USD 1 000.
- (ii) **Library, books and periodicals.** The 1999 level remains unchanged at USD 80 000 with a USD 1 000 price increase.
- (iii) **United Nations Liaison.** The 1999 level remains unchanged at USD 332 000, with a price increase of USD 7 000.
- (iv) **FAO charges.** These charges are now shown under Staff Costs, Section B.
- (v) **Other.** The 1999 level remains unchanged at USD 37 000, with a price increase of USD 1 000.

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

77. Details of 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)

	1998	1999		2000		
	Actual (at 1 742 ITL/USD)	Budget (at 1 731.29 ITL/USD)	Restated (at 1 805 ITL/USD)	Real Increase (Decrease)	Price Increase	Proposed Budget (at 1 805 ITL/USD)
(a) Duty travel	1 383	1 691	1 655	21	34	1 710
(b) Special studies	113	120	119	1	4	124
(c) Media, communications and networking	269	268	263	9	9	281
(d) Annual Report	142	137	132	(18)	4	118
(e) Publications	179	234	226	(5)	8	229
(f) Contributions to United Nations and other Committees	70	57	57	7	3	67
(g) Participation in and hosting of meetings	26	35	34	-	1	35
<b>GRAND TOTAL</b>	<b>2 182</b>	<b>2 542</b>	<b>2 486</b>	<b>15</b>	<b>63</b>	<b>2 564</b>



78. **Duty travel.** As in 1999, this heading includes staff travel for all divisions but excludes Programme Management Department staff travel related to appraisal and supervision, which is provided for separately. The proposed allocation for 2000 includes a real increase of USD 21 000, mainly in the area of project operations.

79. **Special studies.** From time to time, support is needed in the form of special studies on specific activities and topics and on operational guidelines. The cost of such support activities is expected to increase slightly by USD 1 000. The proposed allocation for 2000, inclusive of price increases of USD 4 000, is USD 124 000.

80. **Media, communications and networking.** In today's competitive development environment, IFAD needs to focus on communicating its effectiveness in fulfilling its unique mandate to the outside world. This need is currently addressed through the formulation and implementation of a central communications strategy. By making optimal use of up-to-date know-how/technology and professional expertise, effective messages and marketing tools will be formulated to reach IFAD's key partners – bilateral and multilateral organizations, Member States, the private sector, media, NGOs, civil society and the public. Such messages will be in line with IFAD's strategic thrusts, promoting it as a knowledge-based institution. The USD 281 000 allocation for 2000 includes a slight increase of USD 9 000 and a price increase of USD 9 000.

81. **Annual Report.** In line with the re-engineering and streamlining of operations, the proposed 2000 allocation of USD 118 000 includes a real reduction of USD 18 000 and a price increase of USD 4 000.

82. **Publications** contribute to achieving IFAD's strategic objectives and, as such, support its position as a knowledge organization. Publications aim to disseminate information on the Fund's achievements, promote its policies, build support for its activities and increase understanding of rural poverty. As a result of the re-engineering, the production of publications is more systemized and cost-effective thanks to a new process involving content review, internal graphic design and desktop publishing, and improved printing and dissemination strategies. In view of this, the allocation for 2000 is proposed at USD 229 000 and includes a real reduction of USD 5 000.

83. **Contributions to United Nations and other committees.** IFAD supports the budgets of certain United Nations-sponsored committees, other committees related to project or administrative work and regional or sectoral bodies that contribute to furthering IFAD's policy or programme priorities. The Fund's contribution to the Non-Governmental Liaison Service (NGLS) has been increased from USD 12 000 to USD 20 000 in response to an appeal by the membership of the Joint Consultative Group on Policy (JCGP) to support NGLS at a higher level. Total contributions of USD 67 000 are made up as follows:



	<b>2000 Proposed (USD)</b>
ICSC/ CCAQ	41 000
NGLS	20 000
Consultative Committee on Programme and Operational Questions	6 000

84. **Participation in and hosting of meetings.** The allocation under this category will remain unchanged from the 1999 level of USD 35 000. Activities are intended to support planned partnership development activities as well as conference support services.

#### **F. Contingency Items**

85. **Expenses on the new headquarters building.** The Headquarters Agreement between the Italian Government and IFAD calls upon the Italian Government to provide IFAD with a Permanent Headquarters building with appropriate conference facilities. Since 1984, IFAD's annual budgets have included provision for the cost of moving and settling into such new facilities, once ready. The Italian authorities have consistently reaffirmed their intention to fulfil this obligation and, as a solution, have proposed to rent the building immediately adjacent to IFAD's present provisional headquarters. This has recently become a more feasible option since a rental contract is now pending approval of the Italian authorities. A contingency provision of USD 150 000 has been included for 2000 to cover professional assistance for supervising the building modifications to ensure that the work meets IFAD's requirements. This allocation will no doubt need to be increased in 2001. (In 1994, this contingency item was reduced from USD 400 000 to USD 200 000 and again in 1996 to the present level of USD 150 000.)

86. **Contingency for unforeseen expenses.** As in 1999, this contingency item of USD 250 000 is provided for unforeseen expenses and possible inflationary pressure in excess of that anticipated.

87. At its Sixty-Fifth Session, the Executive Board authorized the President to allocate funds from the contingency heading to other categories of expenditure as the need arises. The Executive Board was advised separately of action taken during 1999 (document EB 99/68/INF.5).

ANNEX I

**PROGRAMME MANAGEMENT DEPARTMENT  
WORK PROGRAMME BY NUMBER OF OPERATIONS FOR PROJECT CYCLE**

	2000 Proposed	%
<b>PROJECT DEVELOPMENT FUND</b> <sup>1 2 3</sup>		
Africa I	5.50	18.3
Africa II	6.00	20.0
Asia and the Pacific	6.20	20.7
Latin America and the Caribbean	5.10	17.0
Near East and North Africa	5.90	19.7
Technical Advisory Division	1.30	4.3
<b>TOTAL</b>	30.00	100.0
<b>APPRAISAL</b> <sup>1</sup>		
Africa I	8.50	25.8
Africa II	7.00	21.2
Asia and the Pacific	6.00	18.2
Latin America and the Caribbean	5.75	17.4
Near East and North Africa	5.75	17.4
<b>TOTAL</b>	33.00	100.0
<b>PLANNED PROJECTS</b> <sup>4</sup>		
Africa I	7.00	23.3
Africa II	6.00	20.0
Asia and the Pacific	7.00	23.3
Latin America and the Caribbean	5.00	16.7
Near East and North Africa	5.00	16.7
<b>TOTAL</b>	30.00	100.0

<sup>1</sup> The number of operations includes projects originating from the pipelines of other IFIs; as the related project development costs would be less, the actual number of operations may differ.

<sup>2</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 1999. Similarly, partial costs for commencement in 2000 may also be incurred.

<sup>3</sup> The percentages are indicative for numbers of operations rather than the financing levels (which are indicated in Table 3A).

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

**PROGRAMME MANAGEMENT DEPARTMENT - LOAN PROGRAMME**  
(USD '000 and SDR '000)

	1998 Actual <sup>1</sup>			1999						2000 Proposed		
	USD	SDR	%	Originally Approved <sup>2</sup>			Actual <sup>3,4</sup>			USD	SDR <sup>5,6</sup>	%
	USD	SDR	%	USD	SDR	%	USD	SDR	%	USD	SDR	%
<b>LOAN PROGRAMME</b>												
Africa I	80 479	58 450	19.26	93 149	66 049	21.30	85 654	62 550	20.38	82 025	58 738	18.385
Africa II	64 690	47 400	15.62	93 149	66 049	21.30	100 217	73 200	23.85	82 025	58 738	18.385
Asia and the Pacific	106 182	77 450	25.51	124 286	88 127	28.42	103 960	76 300	24.86	138 315	99 046	31.010
Latin America and the Caribbean	74 031	53 000	17.46	71 021	50 358	16.24	75 882	55 350	17.27	75 959	54 394	17.030
Near East and North Africa	91 883	67 250	22.15	55 715	39 505	12.74	54 002	39 500	12.57	67 752	48 517	15.190
<b>TOTAL</b>	417 265	303 550	100.00	437 320	310 088	100.00	419 715	306 900	100.00	446 076	319 433	100.000

<sup>1</sup> The 1998 Actual is shown in United States dollars at the rate prevailing on Executive Board approval date.

<sup>2</sup> 1999 is reported per the approval of the Executive Board at SDR 1 = USD 1.41031.

<sup>3</sup> For loans approved at the April, September and December 1999 Sessions of the Executive Board, the United States dollar equivalent is shown at the rate prevailing on the date of Executive Board approval.

<sup>4</sup> This excludes the loan to Zambia (Forest Resource Management Project) SDR 9.15 million that was postponed from 1998 on an exceptional basis and approved in 1999.

<sup>5</sup> Calculated using the 15 October 1999 rate of SDR 1 = USD 1.39647 (see Table 3).

<sup>6</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)

	1999			Real Increase (Decrease)	Price Increase	2000		Number of Projects for which Charges are Projected <sup>1</sup>
	1998 Actual (at 1 742 ITL/USD)	Approved Budget Restated (at 1 805 ITL/USD)	1999 Approved Numbers			2000 Proposed Budget at 1 805 ITL/USD	2000 Estimated Number of Projects under Supervision	
World Bank (including IBRD and IDA) <sup>3</sup>	1 319	405	8.70	107	6	518	33.4	11.2
United Nations Office for Project Services	4 788	5 743	124.83	(156)	-	5 587	121.43	121.43
African Development Bank	368	322	7.00	(23)	20	319	6.5	6.5
Arab Fund for Economic and Social Development (AFESD)	330	450	13.60	63	10	523	15.5	15.5
Asian Development Bank	239	124	2.00	-	(6)	118	7	2
Caribbean Development Bank	48	30	4.40	4	-	34	5	5
West African Development Bank	241	304	12.15	(33)	36	307	10.85	10.85
Central American Bank for Economic Integration	45	80	5.00	(32)	-	48	3.5	3.5
Andean Development Corporation	532	615	16.50	44	(45)	614	17.7	17.7
Inter-American Development Bank	0	0	0.00	-	-	-	1	0
<b>SUBTOTAL</b>	<b>7 910</b>	<b>8 073</b>	<b>194.18</b>	<b>(26)</b>	<b>21</b>	<b>8 068</b>	<b>221.88</b>	<b>193.68</b>
Test projects for IFAD direct supervision <sup>2</sup>	60	408	10.00	16	5	429	10.5	10.5
<b>TOTAL</b>	<b>7 970</b>	<b>8 481</b>	<b>204.18</b>	<b>(10)</b>	<b>26</b>	<b>8 497</b>	<b>232.38</b>	<b>204.18</b>

<sup>1</sup> Numbers include pro rata apportionment for projects proposed during 1999 and exclude projects that may be approved during 2000.

This methodology is also applied to projects under direct IFAD supervision. Similarly, pro rata apportionment have been applied for projects that are expected to be extended into 2000 or that are in suspension status. Numbers are also pro-rated when approval of a loan is combined with Belgian Survival Fund resources.

<sup>2</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.

<sup>3</sup> The allocation for 2000 assumes 11.2 projects entrusted to the World Bank (8.7 projects in 1999). See extraordinary price increase indicated separately in Table 4 (USD 389 000)

**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT  
(USD '000)**

	<b>Total 2000 Proposed (at 1 805 )</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>1.</b> Governing Body and Other Official Meetings	1 804				54	1 750
<b>2.</b> Staff Costs	28 150	3 392	4 030	9 791	1 904	9 033
<b>3.</b> Payments for Appraisal, Supervision and Evaluation <sup>1</sup>	15 407	1 944		13 416	47	
<b>4.</b> Office and General Expenses	5 932	82	294	25	343	5 188
<b>5.</b> Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization	2 564	525	231	762	546	500
<b>TOTAL</b>	<b>53 857</b>	<b>5 943</b>	<b>4 555</b>	<b>23 994</b>	<b>2 894</b>	<b>16 471</b>

<sup>1</sup> Includes extraordinary price increase of USD 389 000, details of which are provided in Table 4.

**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Office of the President (OP)**  
**(USD '000)**

	<b>Office of the President</b>	<b>Internal Audit</b>	<b>Office of Evaluation and Studies</b>	<b>Office of General Counsel</b>	<b>Totals (OP)</b>
<b>2. Staff Costs</b>	<b>850</b>	<b>371</b>	<b>1 236</b>	<b>935</b>	<b>3 392</b>
2.a - 2.e Regular and Fixed-Term Staff	839	335	1 118	779	3 071
2.g Short-Term Temporary Staff		35	109	146	290
2.h Overtime	11	1	9	10	31
<b>3. Payments for Appraisal, Supervision and Evaluation</b>	<b>0</b>	<b>36</b>	<b>1 908</b>	<b>0</b>	<b>1 944</b>
3.2 Supervision and Related Costs		36			36
3.4 Evaluation and Studies			1 908		1 908
<b>4. Office and General Expenses</b>	<b>18</b>	<b>58</b>	<b>0</b>	<b>6</b>	<b>82</b>
4.b Professional Services		57			57
4.c Miscellaneous <sup>1</sup>	18	1		6	25
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>76</b>	<b>49</b>	<b>300</b>	<b>100</b>	<b>525</b>
5.a Duty Travel	76	49	209	100	434
5.b Special Studies			91		91
<b>TOTAL</b>	<b>944</b>	<b>514</b>	<b>3 444</b>	<b>1 041</b>	<b>5 943</b>

<sup>1</sup> Includes "Hospitality" and "Other" to be sub-allocated to OP divisions during 2000.



**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Office of the Vice-President (VP)**  
**(USD '000)**

	<b>Office of the Vice-President</b>	<b>Office of the Controller</b>	<b>Treasury</b>	<b>Totals (VP)</b>
<b>2. Staff Costs</b>	<b>336</b>	<b>2 622</b>	<b>1 072</b>	<b>4 030</b>
2.a - 2.e Regular and Fixed-Term Staff	324	2 473	1 027	3 824
2.g Short-Term Temporary Staff	6	130	38	174
2.h Overtime	6	19	7	32
<b>4. Office and General Expenses</b>	<b>3</b>	<b>103</b>	<b>188</b>	<b>294</b>
4.b Professional Services		100	182	282
4.c Miscellaneous	3	3	6	12
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>32</b>	<b>131</b>	<b>68</b>	<b>231</b>
5.a Duty Travel	32	131	68	231
<b>TOTAL</b>	<b>371</b>	<b>2 856</b>	<b>1 328</b>	<b>4 555</b>



**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Programme Management Department (PD)**  
**(USD '000)**

	<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>Totals (PD)</b>
<b>2. Staff Costs</b>	<b>989</b>	<b>1 574</b>	<b>1 592</b>	<b>1 595</b>	<b>1 369</b>	<b>1 359</b>	<b>1 313</b>	<b>9 791</b>
2.a - 2.e Regular and Fixed-Term Staff	910	1 556	1 575	1 572	1 354	1 323	1 296	9 586
2.g Short-Term Temporary Staff <sup>1</sup>	72	12	9	17	6	24	10	150
2.h Overtime	7	6	8	6	9	12	7	55
<b>3. Payments for Appraisal, Supervision and Evaluation</b>	<b>193</b>	<b>2 816</b>	<b>2 980</b>	<b>2 887</b>	<b>2 165</b>	<b>2 188</b>	<b>187</b>	<b>13 416</b>
3.1 Appraisal and Related Costs	21	519	428	367	351	351		2 037
3.2 Supervision and Related Costs <sup>2</sup>	46	2 085	2 351	2 329	1 676	1 668	71	10 226
3.3 Staff Travel	126	212	201	191	138	169	116	1 153
<b>4. Office and General Expenses</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>25</b>
4.c Miscellaneous	6	2	3	4	3	5	2	25
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>66</b>	<b>115</b>	<b>95</b>	<b>136</b>	<b>126</b>	<b>144</b>	<b>80</b>	<b>762</b>
5.a Duty Travel	66	115	95	136	126	144	80	762
<b>TOTAL</b>	<b>1 254</b>	<b>4 507</b>	<b>4 670</b>	<b>4 622</b>	<b>3 663</b>	<b>3 696</b>	<b>1 582</b>	<b>23 994</b>

<sup>1</sup> Includes projected requirements for certain PD divisions relating to temporary staff benefits in the amount of USD 56 000.

<sup>2</sup> Includes extraordinary price increase of USD 389 000, details of which are provided in Table 4.

**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Economic Policy and Resource Strategy Department (ED)**  
**(USD '000)**

		<b>Totals (ED)</b>
<b>1.</b>	<b>Governing Body and Other Official Meetings</b>	<b>54</b>
1.a	Governing Council	54
<b>2.</b>	<b>Staff Costs</b>	<b>1 904</b>
2.a - 2.e	Regular and Fixed-Term Staff	1 800
2.g	Short-Term Temporary Staff	82
2.h	Overtime	22
<b>3.</b>	<b>Payments for Appraisal, Supervision and Evaluation</b>	<b>47</b>
3.1	Appraisal and Related Costs	47
<b>4.</b>	<b>Office and General Expenses</b>	<b>343</b>
4.c (i)	Miscellaneous	11
4.c (iii)	UN Liaison	332
<b>5.</b>	<b>Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>546</b>
5.a	Duty Travel	200
5.b	Special Studies	33
5.c	Media, Communications and Networking	281
5.e	Publications	0
5.f	Contributions to UN and other Committees	27
5.g	Participation in and Hosting of Meetings	5
<b>TOTAL</b>		<b>2 894</b>

**2000 BUDGET ANALYSIS BY ORGANIZATIONAL DEPARTMENT**  
**Management and Personnel Services Department (MD)**  
**(USD '000)**

	<b>Office of the Assistant President</b>	<b>Administrative and Protocol Services Division</b>	<b>Headquarters</b>	<b>Office of the Secretary</b>	<b>Management Information Systems</b>	<b>Personnel Division</b>	<b>Totals (MD)</b>
<b>1. Governing Body and Other Official Meetings</b>	<b>0</b>	<b>277</b>	<b>0</b>	<b>1 454</b>	<b>19</b>	<b>0</b>	<b>1 750</b>
1.a Governing Council		216		280	13		509
1.b Executive Board		61		1 174	6		1 241
<b>2. Staff Costs</b>	<b>279</b>	<b>1 850</b>	<b>0</b>	<b>2 761</b>	<b>1 487</b>	<b>2 656</b>	<b>9 033</b>
2.a - 2.e Regular and Fixed-Term Staff <sup>1</sup>	273	1 763		2 657	1 364	1 670	7 727
2.f Relocation and Recruitment <sup>2</sup>						363	363
2.g Short-Term Temporary Staff <sup>3</sup>	3	37		98	110	173	421
2.h Overtime	3	50		6	13	11	83
2.i Training <sup>2</sup>						439	439
<b>4. Office and General Expenses</b>	<b>7</b>	<b>50</b>	<b>2 422</b>	<b>76</b>	<b>2 626</b>	<b>7</b>	<b>5 188</b>
4.a Headquarter Expenses			2 422		2 189	5	4 616
4.b Professional Services		47			435		482
4.c Miscellaneous	7	3		76	2	2	90
<b>5. Other Operational Expenses Including Corporate Strategy, Policy and Resource Mobilization</b>	<b>6</b>	<b>54</b>	<b>0</b>	<b>364</b>	<b>17</b>	<b>59</b>	<b>500</b>
5.a Duty Travel	6	8		33	17	18	82
5.e Annual Report		17		101			118
5.f Publications		29		200			229
5.g Contributions to UN and other Committees						41	41
5.h Participation in and Hosting of Meetings				30			30
<b>TOTAL</b>	<b>292</b>	<b>2 231</b>	<b>2 422</b>	<b>4 655</b>	<b>4 149</b>	<b>2 722</b>	<b>16 471</b>

<sup>1</sup> Figure indicated under Personnel Division covers allocation for all departments for After-Service Medical Coverage (USD 596 000), Merit pay scheme (USD 32 000), FAO Medical charges (USD 50 000).

<sup>2</sup> Figure indicated under Personnel Division covers allocation for all departments.

<sup>3</sup> Figure indicated under Personnel Division includes allocations of USD 20 000 for appeals and USD 89 000 for maternity leave for all departments.



## OVERVIEW OF IFAD'S REGIONAL STRATEGIES FOR 2000

	WESTERN AND CENTRAL AFRICA	EASTERN AND SOUTHERN AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	NEAR EAST, NORTH AFRICA AND CENTRAL EUROPE
<b>SOCIO-ECONOMIC TRENDS</b>	<ul style="list-style-type: none"> <li>• Improvements in macroeconomic and sectoral incentive frameworks.</li> <li>• Structural adjustment and market liberalization have opened up new opportunities.</li> <li>• Increasingly, governments are moving towards more decentralized systems for decision-making related to resource mobilization and expenditure.</li> <li>• Benefits are not always evenly distributed, and the rural poor risk being left behind in the absence of well-targeted rural development investments.</li> <li>• Several countries are still experiencing severe economic, social and political dislocation, and special efforts by international donors will be required once these countries are able to resume development activities.</li> <li>• Debt and arrears in repayment to IFAD still constitute a problem. The HIPC DI is not yet effective in most concerned countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued social and political stability produced an environment conducive to economic development in the region.</li> <li>• Carried out reforms in public administration to reduce costs and ensure efficiencies.</li> <li>• Reforms for decentralization and devolution of administrative and fiscal powers to regions and districts have been adopted and are being implemented.</li> <li>• The privatization of public-sector activities is hampered due to lack of educated manpower, institutional capacity and bureaucratic intransigence.</li> <li>• Responsiveness, accountability and transparency are gradually becoming an operational rule for local government.</li> <li>• Improvement of economic and social fundamentals geared to poverty alleviation will be the major strategic thrust of IFAD.</li> </ul>	<ul style="list-style-type: none"> <li>• Among the rural poor in Asia, the populations that have been hit hardest by the process of marginalization are those living in the uplands, including indigenous people and other marginalized groups.</li> <li>• The process of marginalization has led to social exclusion, rapid environmental degradation and political instability, which are giving rise to ethnic violence and criminality.</li> <li>• Increasing feminization of agriculture has adversely affected the education of the girl child, leading to recycling of rural poverty</li> <li>• The remoteness and diversity of such areas places a premium upon decentralized, participatory and iterative approaches to programme development and execution in order to achieve the sensitivity to local conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• In 1999, Latin America and the Caribbean will post its worst overall economic performance of the decade, after the Mexican financial crisis of 1994.</li> <li>• Regional GDP growth is expected to fall to -0.4%. When combined with an annual population growth rate of 1.7%, this implies that both urban and rural poverty will inevitably increase.</li> <li>• The 1998 and 1999 crisis – coupled with climatic disasters in the region (<i>El Niño</i> and hurricane Mitch) — deepened structural poverty, traditionally associated to indigenous groups, rural women, landless farmers and other rural minorities. As a consequence, a contraction in labour markets and reduced opportunities for agricultural product marketing, and incremental levels of poverty will be present in several countries of the region.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive developments in political and social integration in several countries, including Algeria, Jordan and Morocco, and in the Middle East peace process</li> <li>• Upturn in economic growth rates in some countries and expanding inter-regional trade within the larger Mediterranean area</li> <li>• Armed conflict in the Balkans and in the Caucasus regions</li> <li>• Continued severe deprivation and low or negative growth rates nationwide, especially in rural areas of all Borrowers in Central and Eastern Europe and the newly independent states</li> </ul>





	<b>WESTERN AND CENTRAL AFRICA</b>	<b>EASTERN AND SOUTHERN AFRICA</b>	<b>ASIA AND THE PACIFIC</b>	<b>LATIN AMERICA AND THE CARIBBEAN</b>	<b>NEAR EAST, NORTH AFRICA AND CENTRAL EUROPE</b>
<b>OPPORTUNITIES FOR IFAD</b>	<ul style="list-style-type: none"> <li>• Food security through improved availability and access.</li> <li>• Developing rural financial services that reach isolated populations that have had no previous access to financial markets and are well-integrated into national financial sector frameworks.</li> <li>• Capacity building in support of decentralized decision-making processes for participatory rural development.</li> <li>• Stress the importance of target group participation in decisions on objectives and activities.</li> <li>• Natural resources management and the environment, with emphasis on supporting anti-desertification initiatives.</li> <li>• Maximize use of local knowledge and experience.</li> <li>• Pursue a strategic orientation to investments through strengthened collaboration with governments, civil society and other donors.</li> <li>• Pursue support to sub-regional institutions dealing with rural development.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on conducive socio-economic environment, strengthen and reinforce public and private sector linkages to empower the poor and smallholders to increase productivity, efficiency and management effectiveness of their own resources for sustainable development.</li> <li>• Explore options for extending access to rural financial services, and develop appropriate lending instruments for small operators, including farmers, through private financial institutions.</li> <li>• In conjunction with initiatives of the Convention to Combat Desertification, enhance crop production and soil fertility in rangeland and marginal areas by optimizing land and water use.</li> <li>• Improve smallholder access to quality land by exploring options for community-based land reform in Zimbabwe.</li> </ul>	<ul style="list-style-type: none"> <li>• Reorient development strategy, priorities and practices to focus on marginal and upland areas.</li> <li>• Enhance the resilience of very poor rural households in these areas to external economic shocks.</li> <li>• Support local capacity building to reinforce local institutions, promote decentralization, and enable rural communities to improve their livelihoods.</li> <li>• Focus on programmes that empower women and increase their control over income and resources.</li> <li>• Focus on regenerative farming and forestry systems; rural finance for on- and off-farm activities; improving rural infrastructure; and local institutions and capacity-building.</li> <li>• Influence the views of policy-makers, and build partnerships with like-minded donors, governments and NGOs through innovative ideas and projects at the grass-roots level.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced partnerships between IFAD and the countries of the region regarding new, innovative strategies for rural development and poverty-alleviation policies, strategies and programmes/projects design.</li> <li>• Lending and cofinancing schemes based on LAC countries' real financial and budgetary capacities linked to joint financing with major IFIs, wherever feasible and possible.</li> <li>• Promote and reinforce non-agricultural income-generating activities in rural areas</li> <li>• Improve the competitive capacity of small-scale poor rural producers in national and international markets by developing more effective and sustainable financial and non-financial support services.</li> <li>• Support indigenous people in the Amazon Basin, Andean region and Mesoamerica region.</li> <li>• Management of natural resources in ecologically fragile environments.</li> <li>• Building project sustainability through open multi-institutional models.</li> <li>• Strengthen grass-roots organizational capacity to deliver development services to the rural poor throughout the region.</li> <li>• Continue indepth gender analysis and training.</li> <li>• Improve institutional sustainability of projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate new government initiatives to increase the access of rural poor to land, water, capital and information</li> <li>• Assist governments in new initiatives to promote decentralization of responsibility and authority for natural resources management</li> <li>• Use IFAD investment projects to create rural microenterprises and off-farm employment options</li> <li>• Direct IFAD loan resources to mountainous areas where poverty is most severe</li> <li>• Continue current engagement in development and diversification in provision of rural financial services</li> </ul>



	<b>WESTERN AND CENTRAL AFRICA</b>	<b>EASTERN AND SOUTHERN AFRICA</b>	<b>ASIA AND THE PACIFIC</b>	<b>LATIN AMERICA AND THE CARIBBEAN</b>	<b>NEAR EAST, NORTH AFRICA AND CENTRAL EUROPE</b>
<b>STRATEGIC OPERATING DIRECTIONS</b>	<ul style="list-style-type: none"> <li>• Pursue efforts to address arrears issue to allow IFAD to resume its activities in countries under suspension.</li> <li>• Play active role in debt relief initiatives (poverty reduction strategies in HIPC DI countries)</li> <li>• Ensure effective IFAD presence at the field level through maintenance of lending levels and outreach.</li> <li>• Support projects and programmes driven by beneficiary participation.</li> <li>• Expand lending programme in the region to compensate for the low lending level of 1997.</li> <li>• Establish and use knowledge networks on rural poverty.</li> <li>• Create effective portfolio management systems.</li> <li>• Develop human resources and management systems.</li> </ul>	<ul style="list-style-type: none"> <li>• IFAD to develop strategic partnerships with government, civil-society organizations and private stakeholders to involve them in identification of problems and solutions.</li> <li>• Donor coordination and complementarity will be pursued within the context of an agreed work programme as well as development of new initiatives ranging from sectoral issues to implementation details.</li> <li>• Provide support to projects/programmes in terms of impact monitoring and beneficiary participation in problem diagnosis and solutions.</li> <li>• Streamline IFAD portfolio by closing non-performing projects and optimizing the use of its financial resources in a few critical areas with a view to realising its strategic objectives and directions.</li> <li>• Encourage staff to be involved in knowledge management in areas critical for the development of IFAD's "cutting edge" in poverty alleviation.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure beneficiary and other stakeholder participation in design and implementation of projects</li> <li>• Ensure effective portfolio management by promoting new mechanisms that will enable supervision cost sharing with donors and other organizations.</li> <li>• Establish and use knowledge networks by electronically linking IFAD-funded projects with their counterparts in other countries with a view to sharing ideas and experiences.</li> <li>• Extend IFAD's outreach in the Asia and the Pacific region by developing strategic alliances with key partners.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase commitment to rural poverty reduction through better linkages between poverty reduction initiatives and social investment and agricultural development programmes aimed at peasants and small farmers.</li> <li>• Enhance marketing spaces and access of project beneficiaries to local, national and regional markets</li> <li>• Increased implementation support to investment projects</li> <li>• Enhance institutional impact of projects</li> <li>• Foster partnership building</li> <li>• Strengthening the quality of non-lending services and encouraging experimental and innovative TAG projects</li> </ul>	<ul style="list-style-type: none"> <li>• Extensive beneficiary consultation in project design process</li> <li>• Provide for participation of beneficiaries in project management and decision-making during implementation, especially in M&amp;E systems of IFAD-supervised projects</li> <li>• Intensify follow-up of ongoing projects to maintain recently reduced number of problem projects</li> <li>• Maintain close ties with AFESD, Islamic Development Bank, International Development Association and OPEC Fund for cofinancing partnerships</li> <li>• Seek new alliances with Western European countries for work in Central and Eastern Europe and the newly independent states</li> <li>• Contribute to raising IFAD's profile as knowledge centre and leader in the region with respect to rural finance through policy dialogue and project design</li> </ul>