

Document: EB 2013/110/INF.5
Date: 29 November 2013
Distribution: Public
Original: English

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Update on IFAD's Accountability Framework

Note to Executive Board representatives

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Executive Board — 110th Session
Rome, 10-12 December 2013

For: **Information**

Update on IFAD's Accountability Framework

I. Introduction

1. In 2011 the Joint Inspection Unit (JIU)¹ submitted to the United Nations General Assembly a comparative analysis report entitled "Accountability frameworks in the United Nations system".² In the analysis carried out, the Inspector found that seven United Nations system organizations possess a stand-alone formal accountability framework, whereas others have various components of accountability within their systems but lack an official document bringing these together.
2. The report contains seven recommendations;³ among these is a recommendation to executive heads of those United Nations organizations that have not yet developed stand-alone accountability frameworks to do so as a matter of priority on the basis of the benchmarks contained in the report.
3. In light of the JIU report, discussions were held by the Audit Committee on IFAD's accountability system. In this connection, at its 125th meeting, the Committee was presented with a document⁴ outlining the orientation modalities, tools and reporting mechanisms currently in place under IFAD's accountability system.
4. Following the Audit Committee Chairperson's report, which was presented to the Executive Board at its 107th session, List A countries expressed support for the work of the Audit Committee and requested IFAD to develop a clear accountability framework based on the pillars of transparency and a culture of accountability at all levels. The framework should include the following three components: a covenant with Member States; internal controls; and complaints and response mechanisms.
5. In recognizing that IFAD already has some important elements of an accountability framework in place, including a strong results-based management system, List A welcomed the development of the framework to bring together the different elements and identify and address any gaps. List A looked forward to receiving a draft outline and update at the April session of the Executive Board in 2013.
6. The objective of this report is to provide an outline of the key components of IFAD's accountability framework, taking into account the findings of the JIU report.

II. Accountability

7. The concept of accountability has been defined in many ways. The General Assembly in its resolution 64/259 defined accountability for the United Nations Secretariat as follows:

"Accountability is the obligation of the Secretariat and its staff members to be answerable for all decisions made and actions taken by them, and to be responsible for honouring their commitments, without qualification or exception.

Accountability includes achieving objectives and high-quality results in a timely and cost-effective manner, in fully implementing and delivering on all mandates to the Secretariat approved by the United Nations intergovernmental bodies and other subsidiary organs established by them in compliance with all resolutions, regulations, rules and ethical standards; truthful, objective, accurate and timely reporting on performance results; responsible stewardship of funds and resources; all

¹ The Joint Inspection Unit was established by resolution 31/192 of the United Nations General Assembly and is responsible to the General Assembly and to the competent legislative organs of those specialized agencies and other international organizations within the United Nations system that accept the JIU statute.

² JIU/REP/2011/5.

³ JIU/REP/2011/5, p. v and vi.

⁴ AC 2012/125/R.15.

aspects of performance, including a clearly defined system of rewards and sanctions; and with due recognition to the important role of the oversight bodies and in full compliance with accepted recommendations.”⁵

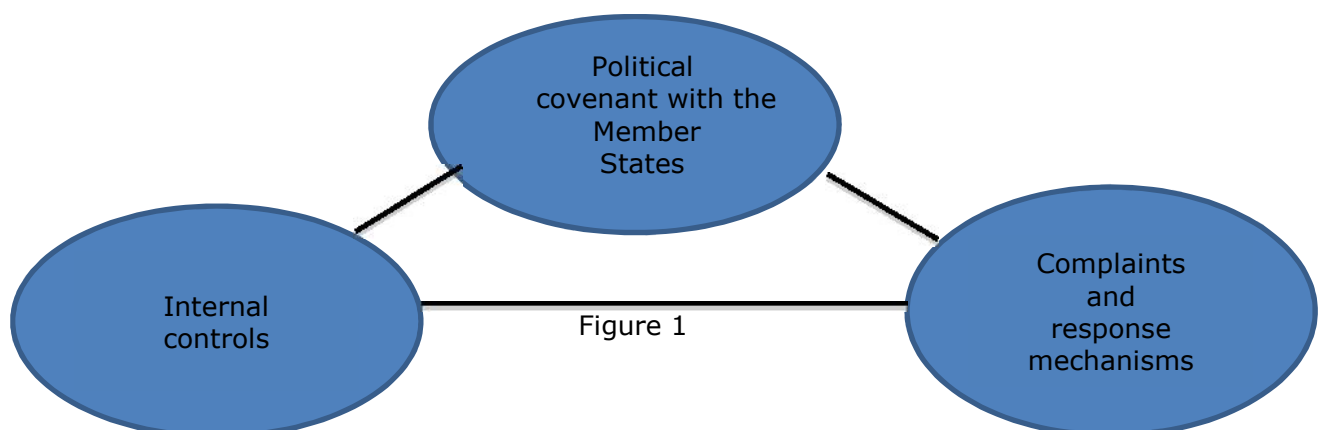
8. In reaffirming its commitment to strengthening accountability in the United Nations Secretariat, the General Assembly, in resolution 64/259, requested the JIU to submit a comparative analysis report on various accountability frameworks in the United Nations system with the objectives of assessing existing accountability frameworks in the UN Nations system and identifying existing gaps.
9. Through data, interviews and questionnaires collected from the JIU participating organizations, the report identified:
 - three key components that make for a robust accountability framework (i.e. political covenant with the Member States; internal controls; and complaints and response mechanisms);
 - 17 benchmarks to measure a robust accountability framework; and
 - transparency and a culture of accountability as indispensable pillars to render effective an accountability framework.

III. IFAD’s Accountability Framework

10. The IFAD Governing Council, unlike the United Nations General Assembly, has not called for an accountability document. However, although IFAD does not have a stand-alone accountability framework document, there are strong accountability components inherent in its governance and institutional set-up that ensure that the organization is accountable for the achievement of institutional objectives at all levels, from the Governing Council and Executive Board, to the President, managers and staff members.

Key components of an accountability framework

11. The JIU report identifies three elements, shown in figure 1 below, as the key components for a robust accountability framework:



Political covenant with Member States

12. The starting point of accountability is the political covenant with Member States.⁶ This represents the existing mutual accountability relationship between the Member States and the organization by which, on the one hand, IFAD Member States provide guidance/orientation as to the objectives and results that must be achieved

⁵ A/RES/64/259.

⁶ JIU/REP/2011/5, p.12.

by the organization in a given cycle with the resources provided and, on the other hand, IFAD's Executive Board and President are accountable for achieving such objectives and results through strategic planning and monitoring of IFAD's work, and for reporting on the delivery of those results through evaluations of the operational, administrative and financial activities.

Orientation from Member States

13. Four categories of guidance/orientation are provided by the Member States to IFAD:
- (i) The Agreement Establishing IFAD⁷ provides the constitutive orientation, namely the basis of IFAD's accountability framework, as it lays out the mandate, the governance structure, the roles and responsibilities of its main bodies and the nature of resources available to the Fund to achieve its objectives.⁸
 - (ii) In accordance with the provisions of the Agreement Establishing IFAD, cyclical orientation is provided by Members through the Governing Council at each Replenishment period, where new key deliverables and commitments are agreed upon for the organization along with the results measurement framework and Members' level of contributions.
 - (iii) Occasional orientation is provided through ad hoc resolutions and decisions emanating from IFAD's Governing Council annual sessions.
 - (iv) Finally, more specific orientation is regularly provided by the Executive Board in the course of its sessions, for the conduct of the general operations of the Fund. Subject to the orientation provided under (i), (ii) and (iii) above, the Strategic Framework, which is adopted by the Executive Board, presents IFAD's overall and strategic development objectives and goals and guides its country strategies and projects.
14. The orientation provided by Member States is implemented through a further set of tools developed for the administration of institutional governance, operations, funds and properties, and human resources.
- (i) Tools for the stewardship of governance include:
 - Those policies and rules that are complementary to the Agreement Establishing IFAD in terms of institutional governance, e.g. the By-laws for the Conduct of the Business of IFAD, the Rules of Procedure of the Governing Council, the Rules of Procedure of the Executive Board and the IFAD Policy on Enterprise Risk Management.
 - The specific instruments laying out the roles and responsibilities of subsidiary bodies of the Governing Council and Executive Board (i.e. resolutions establishing the Replenishment Consultations and the Emoluments Committee; Terms of Reference and Rules of Procedure of the Audit and Evaluation Committees),⁹ and the procedures for meetings with Convenors and Friends.¹⁰
 - (ii) Tools for the stewardship of operations include:
 - Those policies and rules that are complementary to the Agreement Establishing IFAD in terms of operations, such as: (i) the Policies and Criteria for IFAD Financing,¹¹ (ii) the General Conditions for Agricultural

⁷ Adopted by the United Nations Conference on the Establishment of an International Fund for Agricultural Development on 13 June 1976 in Rome.

⁸ In regulating the effective functioning of the organization, the Agreement Establishing IFAD is supplemented by other IFAD basic documents and manuals.

⁹ EB 2009/97/R.50/Rev.1 and EB 2011/102/R.47/Rev.1.

¹⁰ EB 2006/89/R.46, annex II.

¹¹ GC 36/L.9.

Development Financing; (iii) policies and guidelines approved by the Board from time to time (e.g. IFAD Country Presence Policy and Strategy, IFAD's Engagement with Middle-Income Countries; IFAD Policy on Targeting; IFAD Policy on Gender Equality and Women's Empowerment); and (iv) strategies, for example IFAD's Strategic Framework.

(iii) Tools for the stewardship of funds and properties include:

- Those policies and rules that are complementary to the Agreement Establishing IFAD such as the Financial Regulations of IFAD and the Investment Policy Statement, which provides a framework for the management of the Fund's investments.

(iv) Tools for the stewardship of human resources include:

- The Human Resources Policy, approved by the Executive Board, which provides the guiding principles for the various human resources management processes, in accordance with which the President manages the staff of IFAD.

Achieving results

15. Based on the priorities and guidance provided, IFAD's Executive Board and President are accountable to Member States for the strategic planning and monitoring of the Fund's work, and for reporting on the delivery of the agreed results.
16. As IFAD's legal representative and executive head of the organization, the President is responsible for providing leadership and direction to carry out the Fund's mandate and achieve its objectives; for ensuring efficient management of human and financial resources; and for ensuring the development effectiveness of the organization. Within these parameters the President, supported by his staff (organized in departments, divisions and committees) and through various reporting mechanisms and instruments, is responsible for conducting the business of the Fund.¹²
17. The alignment of IFAD's human and financial resources with strategic objectives is ensured through the following tools:
 - **Results Measurement Framework.** The Results Measurement Framework (RMF) is the pillar of IFAD's results management system: it focuses attention on key development outcomes. Results are reported annually to the Executive Board and Evaluation Committee via the Report on IFAD's Development Effectiveness (RIDE), as well as through mid-term reviews of IFAD's Replenishments. The RMF sets targets for the Fund's development operations and measures performance against them.
 - **IFAD Medium-term Plan.** The Medium-term Plan (MTP) embodies the operational plans as well as the human and financial resources that will be deployed in order to achieve the results required by the Membership. Supported by the strategic workforce plan and the budget, it presents a rolling three-year corporate workplan and describes how IFAD generates outcomes to accomplish its strategic objectives.¹³
 - **Corporate Planning and Performance Management System.** Stronger organizational effectiveness is key to raising the quality of IFAD's field-level operations and improving its development effectiveness. For this reason, IFAD has adopted a results-based management system not only in the programmes it supports, but also within the organization. The Corporate Planning and

¹² Article 6.8(d) of the Agreement Establishing IFAD.

¹³ See IFAD Financial Regulation VII.

Performance Management System (CPPMS) focuses and manages IFAD's work and aligns it with the corporate strategic objectives, ensures coherence between IFAD's country-level activities and the management of its budget, human resources and internal processes. At its core is a set of corporate management results (CMRs). These are derived from IFAD's Strategic Framework and are applied across the organization, according to their relevance to each division's programme of work. The CPPMS also comprises key performance indicators for tracking progress towards the CMRs, management plans to track departmental and divisional contributions to CMRs and lower-level management results, and processes for managing risks to the achievement of the CMRs. The system includes quarterly reviews ("performance conversations") at Management, departmental and divisional levels of progress towards CMRs and of risks. The system has links to the budget through the results-based programme of work and budget, and to the personal performance plans and assessments of all staff members.¹⁴

- **Performance plans and evaluations.** Staff performance is assessed through IFAD's Performance Evaluation System (PES). The PES provides a mechanism for connecting individual staff performance to organizational performance. Each staff member and his/her manager/supervisor set objectives that the staff member must achieve over the course of a year in collaborating to reach the aims of the organization. Objectives are linked to results contained in the divisional management plan. At the end of the year, the manager/supervisor and staff member carry out an evaluation of the level of success achieved in meeting the individual objectives and agree on the individual staff member's professional development plan.

Internal controls

18. The second key component of an accountability framework is the internal controls system developed by the organization to ensure not only that results are achieved, but that they are achieved in line with the organization's policies, rules and regulations, and ethical and integrity standards.¹⁵ The system of internal control is made up of five subcomponents: (i) control environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring. These subcomponents are defined by some organizations¹⁶ as follows:
- (i) **Control environment.** This provides the discipline and structure for the achievement of the organization's objectives. It includes the standards applicable to the organization's activities, namely, ethical and integrity values, management's business philosophy and operating style, organizational structure, assignment of authority and responsibility, human resources policy and practices, and competence of personnel.
 - (ii) **Risk assessment.** This entails the identification and analysis of relevant risks associated with achieving the objectives of the organization.
 - (iii) **Control activities.** These are the policies and procedures established to ensure that management's directives are implemented. They include activities such as required approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and staff supervision.
 - (iv) **Information and communication.** This subcomponent relates to systems and processes that support the identification, capture and communication of

¹⁴ See "An overview of managing for development results at IFAD" available at: http://www.ifad.org/deveffect/mfdr/MfDR_booklet.pdf.

¹⁵ JIU/REP/2011/5, p.21.

¹⁶ The United Nations Office for Project Services (UNOPS), Internal Control and Risk Management Framework; and the United Nations Development Programme (UNDP) Internal Control Framework.

information in a form and time frame that enable staff to carry out their responsibilities.

- (v) **Monitoring.** This involves the review of the organization's activities and transactions to assess the quality of performance over time and to determine whether controls are effective.

Control environment

19. The conduct and actions of IFAD staff members must always adhere to the highest ethical standards, as set out in the Human Resources Policy and the derived Staff Rules and Implementing Procedures.
20. Pursuant to the Human Resources Policy, the President shall ensure the observance of the policy; for this purpose, the President was authorized by the Executive Board to establish procedures in accordance with the guiding principles set out in the policy. In December 2011, new Staff Rules and Implementing Procedures were issued by the President (President's bulletin PB/2011/09).
21. The Implementing Procedures, also include a **Code of Conduct** which requires all staff members, regardless of grade level, to declare on a yearly basis: (i) that they have read, understood and will ensure compliance with the Code of Conduct; (ii) all conflicts of interest, including the appearance thereof; and (iii) all sources of non-IFAD income, goods, services and assets. In addition, certain categories of staff members are required to complete, on a confidential basis, an annual financial disclosure statement containing detailed information on financial assets and liabilities in order to determine potential conflicts of interest, including the appearance thereof, arising from staff members' financial holdings, private affiliations or outside activities. Failure by the concerned staff members to comply with the above-mentioned obligations may result in corrective or disciplinary measures.
22. To ensure that IFAD's actions are consistent with its basic rules and procedures and that the legal instruments are responsive to the organization's evolving needs, the **Office of the General Counsel** provides legal advice to IFAD's governing bodies and Management.
23. The **Ethics Office** was established in 2011 and is responsible for promoting and upholding the highest ethical standards in the organization. The Office provides guidance to Management, and reinforces and promotes the standards of integrity expected within the organization. In carrying out this mandate, the Office manages the organization's ethics and anti-harassment programmes and has developed and conducted staff training in these areas. In addition, the Office reviews allegations of violations of the Code of Conduct and, where appropriate, requests the Office of Oversight and Audit (AUO) to investigate, ensuring confidentiality and protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. Confidential advice is also provided to managers and staff on actions that may constitute violations of the Code of Conduct or the Fund's core values. The Ethics Office also manages the annual declaration by staff and the annual financial disclosure programme.¹⁷

Risk assessment

24. In order to better assess and manage the risks that could hinder the attainment of IFAD's objective, the guiding principles of Enterprise Risk Management (ERM) activities have been codified in the **Policy on Enterprise Risk Management**.¹⁸ The policy also provides the structural means to identify, prioritize and manage the risks involved in the Fund's activities and it defines key roles and responsibilities for all stakeholders in ERM activities.

¹⁷ PB/2011/05.

¹⁸ EB /2008/94/R.4.

25. According to the policy:

The **Board** provides guidance on managing risks in the context of governance and oversight of new policies, programmes and projects.

The **Audit Committee** periodically conducts a review of IFAD's risks and risk management procedures, satisfying itself that the internal control and risk management systems established by Management effectively safeguard the Fund's assets and reporting to the Executive Board on the outcome of such reviews.

The **President of IFAD**, assisted by the **Vice-President and the Associate Vice-Presidents**, is accountable to the Board for the implementation of risk management processes and consequently for implementing the ERM policy.

The **ERM Committee** assists Management in guiding the development of ERM in IFAD, coordinating its implementation, and reviewing and monitoring ERM processes and outputs on a regular basis. It assists in educating and training staff, and reviews the development and updating of the corporate risk profile, reporting to Management periodically.

Management fosters a risk management culture and ensures appropriate implementation of policies and procedures, safeguarding the Fund's assets. It should take appropriate measures to manage risks consistently and proactively.

Internal auditors play an important role in the monitoring of ERM and the quality of performance as part of their regular duties. They do not, however, have primary responsibility for ERM implementation or maintenance. They assist management and the Executive Board/Audit Committee by monitoring, evaluating, examining and reporting on risk management processes and activities.

All **staff** contribute to and are responsible for risk management and internal control processes. In particular, they support the development and updating of documentation on risks, identify and assess risks in their areas, and contribute to risk mitigation.¹⁹

Control activities

26. IFAD has a well-established set of norms that specify the internal hierarchical organizational system and how the authority and powers of the President, and the staff, are to be exercised to guarantee control over the correct functioning of the organization.
27. According to the Agreement Establishing IFAD, the President is the legal representative of the Fund²⁰ and is responsible for conducting the business of the Fund under the control and direction of the Governing Council and the Executive Board.²¹ The President's authority and powers are further specified in various basic documents and instruments.
28. No member of the staff of IFAD has any authority unless this has been delegated to him/her by the President in accordance with the Framework for Delegation of Authority. According to this Framework, the President may delegate any of his/her authority to an official of the Fund, unless such delegation is expressly or implicitly prohibited under the rules of the organization.²² The Framework for Delegation of Authority was approved by the President on 7 December 2011 and incorporates all past and present delegations of authority. The framework is strictly linked to the **IFAD Manual**, which is a codified repository of all policies, procedures, rules, regulations and instructions concerning the conduct of business by IFAD.

¹⁹ EB 2008/94/R.4.

²⁰ Agreement Establishing IFAD, article 6.8(h).

²¹ Agreement Establishing IFAD, article 6.8(d).

²² Delegation of Authority, section B.

29. In line with IFAD's Framework for Delegation of Authority and to improve corporate decision-making, the President has approved a **revised decision-making process** which foresees inter alia: (i) an Executive Management Committee (EMC), chaired by the President and composed of the Vice-President and all Associate Vice-Presidents,²³ which is responsible for decisions on policy matters,²⁴ (ii) an Operational Management Committee (OMC), responsible for coordinating and taking decisions on operational matters, which is chaired by the Vice-President.²⁵ Its membership includes all Associate Vice-Presidents, the General Counsel, the Director of the Office of the President and Vice-President, and the Secretary of IFAD as permanent members; other IFAD directors are rotating members of the Committee.²⁶ The already existing IFAD Management Team (IMT), responsible for discussing strategic issues and subjects that require broader participatory consultation, was maintained. It is chaired by the President and comprises OMC members, IFAD directors and the advisers to EMC members. Furthermore, in order to discharge functions related to financial management and investments, the President has established a management committee to provide investment and financial advice, namely the Investment and Finance Advisory Committee (FISCO).²⁷
30. In tandem with the revision of its decision-making process, the Fund has also undertaken a series of **reconfigurations of** its management structure in order to clarify responsibilities and reporting arrangements and to assure the achievement of the organization's objectives. The reconfiguration was initiated in 2009, as part of the Change and Reform Agenda,²⁸ and affected all departments. The changes can be summarized as follows:
- (i) Strengthening the Office of the President and Vice-President by appointing a Vice-President with clear responsibilities and by unifying the office under a shared director;
 - (ii) Splitting the former Finance and Administration Department into a dedicated Financial Operations Department (FOD), headed by the Associate Vice-President, FOD, to strengthen financial management and a separate Corporate Services Department to lead human resources reforms and ensure more effective leveraging of the Information and Communications Technology Division (ICT);
 - (iii) Replacing the former Policy and Strategic Planning Division and External Affairs Department with a dedicated Strategy and Knowledge Management Department (SKM), under the Associate Vice-President, SKM, focused on strengthening IFAD's capacity for medium- to long-term strategy formulation and policy advocacy at the global level and promoting greater knowledge sharing inside and outside the organization;
 - (iv) Strengthening the Programme Management Department by creating an Environment and Climate Change Division; enhancing the capacity of the Policy and Technical Advisory Division, with a direct impact on programme quality; and strengthening the programme implementation framework with an expanding country presence;
 - (v) Strengthening the independence of the Independent Office of Evaluation of IFAD (IOE);

²³ PB/2013/03.

²⁴ The Committee is supported in its operations by the Director of the Office of the President and Vice-President, who serves as its Secretary, while the General Counsel participates as adviser to the EMC (PB/2012/05).

²⁵ PB/2009/04 is now superseded by PB/2012/05.

²⁶ The Director, AUO and the Director or Deputy Director, IOE are permanent observers, whereas the Special Adviser to the Vice-President is the Secretary of the Committee. IC/PMD/1.

²⁷ PB/2012/10.

²⁸ EB 2010/99/R.31/Rev.1; EB 2011/102/R.34/Rev.1; and EB 2011/104/R.52.

- (vi) Establishing an Ethics Office to contribute to an enduring ethical culture; and
- (vii) Increasing the Fund's resource mobilization capacity through the establishment of a Resource Mobilization and Partnership Office headed by a Senior Adviser to the President.

Information and communication

31. In 2010, IFAD approved a **revised Disclosure Policy** (EB 2010/100/R.3/Rev.1) which established the principle of presumption of full disclosure of documents, under which all information on its operations and activities is disclosed unless there are compelling reasons not to do so. Categories of information restricted for disclosure to the public are outlined in annex III of the policy ("Proposed exceptions"). Since its adoption, the policy has contributed to a significant enhancement of IFAD's information and knowledge sharing with Member States, development partners and the public as well as a better understanding and appreciation of IFAD's operations and activities.
32. **Communications to staff members** are guided by President's Bulletin PB/2010/02, which outlines the procedures for the promulgation of President's bulletins, President's memorandums, information circulars and Intranet notices.
33. Communication to staff of the decisions taken by Management is also promoted through: (i) the publication of the minutes of the meetings of the EMC and OMC on the IFAD Intranet; and (ii) town hall meetings with staff.
34. The information and communication subcomponent requires that achievement of objectives and status of activities are **reported** to governing bodies. This is done through a series of documents, which are presented in the attached appendix.

Monitoring

35. The **IFAD Office of Audit and Oversight (AUO)** comprises the internal auditing and investigation functions. AUO's activities are governed by the **Revised Charter of the IFAD Office of Audit and Oversight**²⁹ which was approved by the President, reviewed by the Audit Committee and submitted for confirmation to the ninety-ninth session of the Executive Board in April 2010, in accordance with paragraph 4.1(c) of the Charter.
36. With reference to the internal auditing function, AUO assesses whether IFAD's risk management, control and governance processes are adequate to ensure that: (a) financial, managerial and operational information is accurate, reliable and timely; (b) activities comply with policies, standards, procedures, agreements, and applicable laws and regulations; (c) assets and resources are acquired utilized and protected appropriately; and (d) programmes and plans are implemented and objectives are achieved.
37. With reference to the investigation function, AUO's activities are specified in paragraph 42 of this document, under the section concerning complaints and response mechanisms.
38. The Director, AUO reports directly and is accountable to the President. Annual reports are provided to the President and transmitted unchanged to the Audit Committee, summarizing significant oversight results, including recommendations for improvements and the status of Management actions taken or planned in response to the reported results.³⁰
39. The **Independent Office of Evaluation** reports directly to the Executive Board and is responsible for conducting independent evaluations of IFAD-financed policies, strategies and operations. IOE also evaluates key corporate business processes that are essential for enhancing IFAD's development effectiveness and fulfilling its

²⁹ EB 2010/99/R.49/Rev.1.

³⁰ EB 2010/99/R.49/Rev.1.

overall mandate. Furthermore, IOE provides comments and, where applicable, advice for enhancing IFAD's self-evaluation capacities. In particular, IOE does this by reviewing and providing written comments on the Report on IFAD's Development Effectiveness (RIDE) and the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), by participating in key in-house quality assurance forums, and starting from 2011, by conducting the validation of project completion reports (PCRs).³¹ Further clarification and guidance on the purpose and role of IOE are provided in the revised IFAD Evaluation Policy,³² approved by the Executive Board in May 2011.

Complaints and response mechanisms

40. The third component of a robust accountability framework is the establishment of well-established complaints and response mechanisms.
41. These are defined by the JIU as "the channels developed by the organization that enable Member States, stakeholders, staff members and beneficiaries to file complaints on issues of non-compliance or against management decisions and actions. Response mechanisms are equally important in ensuring that not only do Member States, stakeholders, beneficiaries, and staff have the possibility to file complaints and raise concerns, but that these are also properly reviewed and acted upon within established timelines and mechanisms."³³
42. IFAD has developed complaints mechanisms for staff, borrowing/recipient countries and third parties to voice their dissatisfaction and concerns. IFAD's complaints and response mechanisms, comprised of informal and formal mechanisms, are as follows:
 - The **IFAD Office of Audit and Oversight** handles, inter alia, all matters related to the investigation of allegations of irregular practices by entities, contractors and individuals in activities financed and/or managed by IFAD directly or through its loans and grants; and allegations of unsatisfactory staff conduct and misconduct. The results of the investigations are then presented to the Sanctions Committee, the advisory body to the President.
 - The **Ethics Office** strengthens and promotes a conducive work environment, free of harassment and intimidation and one that fosters openness, trust and respect for diversity. Furthermore, it provides guidance to Management to ensure IFAD's practices and operations meet the standards of integrity.
 - The **Executive Committee of the IFAD Staff Association (ECSA)** is the sole organization representing IFAD staff. Its collaboration with the Fund is governed by the terms and conditions set out in the cooperation agreement between IFAD and ECSA of 21 September 1987.
 - The **Sanctions Committee**, composed of IFAD Management, is responsible for reviewing the findings of investigations conducted by AUO, on possible instances of irregular practices in IFAD activities and operations, and determining whether a sanction is required or whether any other action should be taken in light of such findings.

The Committee acts as a recommending body to the President, who has the sole decisional authority with respect to disciplinary measures to be imposed on staff members. The Committee also decides on appropriate sanctions to be imposed by IFAD where it has been determined that firms, private entities or individuals – including IFAD consultants but excluding staff members – have

³¹ EB 2011/102/R.7/Rev.1.

³² EB 2011/102/R.7/Rev.1.

³³ JIU/REP/2011/5, p.7.

engaged in irregular practices in connection with IFAD-financed activities and operations.³⁴

- **Alternative dispute resolution mechanism (facilitation).** Appeals against administrative decisions and disciplinary measures taken in regard to staff must be initiated with a written request for facilitation addressed to the President. The objective of the facilitation process is to promote the settlement of the issues in dispute between the parties in any manner that the facilitator believes to be appropriate. If the facilitation process does not prove to be successful for the resolution of the controversy, the staff can lodge an appeal to the Joint Appeals Board (JAB).
- **The Joint Appeals Board** is an internal recourse mechanism established to receive and consider appeals against administrative decisions and disciplinary measures taken in regard to staff and to submit findings and recommendations to the President in respect of such staff appeals.
- **Appeal to the Administrative Tribunal of the International Labour Organization (ILOAT).** Staff members have the right to appeal a final decision taken by the President with the ILOAT, under the procedures prescribed in its statute and rules.
- **Appeal to the United Nations Administrative Tribunal (UNAT).** Staff members have the right to appeal any matter relating to the United Nations Joint Staff Pension Fund (UNJSPF) with UNAT.
- **Arbitration under the Permanent Court of Arbitration (PCA).** Arbitration under the Permanent Court of Arbitration (optional rules for arbitration between international organizations and private parties) shall apply to any dispute concerning the responsibility of a staff member or former staff member over which the ILOAT does not have jurisdiction.
- **Appeal to the Disclosure Committee.** In September 2010, IFAD adopted a policy of presumption of full disclosure of documents produced by IFAD. According to the policy, third parties that believe that the Fund has violated the terms of the Disclosure Policy by denying or restricting access to information can submit a request to appeal the decision with the Disclosure Committee.
- **Arbitration for disputes arising in connection with project/programme financing agreements.** According to the General Conditions for Agricultural Development Financing, any controversy arising in connection with a project/programme financing agreement shall be settled through amicable means, failing which, the controversy shall be submitted to arbitration for settlement in accordance with section 14.04 of the General Conditions.
- **Arbitration for disputes arising out of procurement activities.** Disputes arising out of IFAD headquarters procurement activities are settled in accordance with the General Terms and Conditions for the procurement of goods and services, which provide that any disagreement or legal dispute relating to procurement contracts shall be settled amicably by negotiation and direct dealings. Any dispute that cannot be settled by negotiation shall be submitted to an Arbitration Board.
- **Arbitration for disputes arising out of consultancy contracts.** Disputes or differences arising out of or in connection with a consultancy contract that cannot be amicably settled are solved by arbitration.
- **Disputes with Member States.** With regard to issues arising out of the interpretation or implementation of the Agreement Establishing IFAD, the

³⁴ PB/2007/02.

Agreement foresees that any question of interpretation or application of the provisions of the Agreement arising between any Member and the Fund or between Members of the Fund, shall be submitted to the IFAD governing bodies.³⁵ The Agreement also foresees that in the case of a dispute between the Fund and a State that has ceased to be a Member, or between the Fund and any Member upon the termination of the operations of the Fund, such dispute shall be submitted to arbitration by a tribunal of three arbitrators.³⁶

Pillars of accountability

43. In the report, the Inspector concludes that a strong accountability framework can only be implemented if supported by: (a) transparency and (b) a strong culture of accountability.³⁷
44. To affirm its commitment to transparency, in 2010 IFAD approved a revised Disclosure Policy which has contributed to a significant enhancement of IFAD's information and knowledge sharing with Member States, development partners and the public.
45. However, transparency relates not only to information "being available outside" but also to information "being available inside" the organization.³⁸ In this respect, to foster transparency vis-à-vis staff, procedures were developed during 2010 regulating the President's and Management's communications to staff members (PB/2010/02). Policy and operational decision-making is also promoted through the publication of the minutes of the meetings of the EMC and the OMC on the IFAD Intranet, and through town hall meetings.
46. The effectiveness of an accountability framework is also dependent on the environment within the organization. As shown by this document, the principles of accountability are already embedded in a number of existing policies and rules of the organization. In addition, IFAD has taken many actions to promote a strong culture of accountability: the established results-based management system, better risk management, the new corporate decision-making framework introduced during 2009, and establishment of the EMC, OMC and the Ethics Office are just a few examples of IFAD's efforts to fortify this crucial pillar.
47. IFAD's ongoing commitment to enhance its accountability system is also demonstrated by: its continuous attention to the sentiments and concerns of staff members through staff surveys and to the recommendations resulting thereof; and the recognition of the IFAD Staff Association as a consultation forum whereby issues of general interest to staff members can be discussed. Furthermore, staff accountability and motivation are also encouraged through staff awards and training opportunities.

³⁵ Agreement Establishing IFAD, article 11.1.

³⁶ Agreement Establishing IFAD, article 11.2.

³⁷ JIU/REP/2011/5, p.7-8.

³⁸ JIU/REP/2011/5.

Covenant with the Member States

Orientation	Tools	Reporting
<p>A. <u>Constitutive orientation: The Agreement Establishing IFAD</u></p> <p>It is the binding agreement between all Member States concerning the:</p> <ul style="list-style-type: none"> • Objectives (mandate) of the Fund (Article 2) • Membership in the Fund (Article 3) • Resources of the Fund and the use of currencies (Articles 4-5) • Structure, governance (including the division of labour between the various bodies and offices), budgeting and accountability (Article 6) • Operations (loans, grants and ancillary operations), in particular the priorities of the Fund (Article 7) • Partnership and cooperation (Article 8) • Suspension and termination of membership, and termination of the operations of the Fund (Article 9) • Legal status and functional privileges and immunities (Article 10) • Interpretation and dispute settlement (Article 11) • Amendments and contractual status of Member States (Articles 12-13) <p>B. <u>Cyclical orientation: Replenishment deliverables</u></p> <p>C. <u>Occasional: ad hoc resolutions of the Governing Council</u></p> <p>D. <u>Decisions of the Executive Board</u></p>	<p>A. <u>Stewardship of the governance:</u></p> <ul style="list-style-type: none"> • By-laws for the Conduct of the Business of IFAD • Rules of Procedure of the Governing Council • Establishment of Governing Council subsidiary bodies as appropriate and required: <ul style="list-style-type: none"> - Replenishment Consultation - Emoluments Committee • Rules of Procedure of the Executive Board: • Establishment of Executive Board subsidiary bodies as appropriate and required: <ul style="list-style-type: none"> - Terms of Reference and Rules of Procedure of the Audit Committee - Terms of Reference and Rules of Procedure of the Evaluation Committee - Convenors and Friends • External Auditor • Disclosure Policy <p>B. <u>Stewardship of the operations:</u></p> <ul style="list-style-type: none"> • Lending Policies and Criteria (GC) • Strategic Framework (EB) • Evaluation Policy (EB) • Project Procurement Guidelines • Anticorruption Policy • Other Executive Board policies and guidelines <p>C. <u>Stewardship of the funds and</u></p>	<p><u>Governance</u></p> <ul style="list-style-type: none"> • Applications for non-original membership. [A] Governing Council upon recommendation of the Executive Board • Establishment of the Consultation on the Replenishment of IFAD's Resources [A] (GC) • Report of the Consultation on the Replenishment of IFAD's Resources [A] (GC); [I] (EB) • Midterm review of IFAD's Replenishment • Report of the Emoluments Committee [A] (GC) • Election of members and alternate members of the Executive Board [R] (GC) • Appointment of the President [A] (GC) • IFAD Annual Report • Broad policies, criteria or regulations to be adopted (GC) • Amendments to the Agreement Establishing IFAD or existing policies and regulations [GC] • Progress report on the Global Mechanism [I] (GC) • Election of representatives of the Governing Council to the IFAD Staff Pension Committee [A] (EB) • Disclosure Policy and any amendments thereto [A] (EB); [I] (GC) <hr/> <p><u>Operations</u></p> <ul style="list-style-type: none"> • IFAD annual results-based programme of work and the Independent Office of the Evaluation of IFAD (IOE) results-based work programme [A] (EB), including: <ul style="list-style-type: none"> - Progress Report on implementation of the performance based allocation system (PBAS) [I] (GC) - IFAD's participation in the Debt Initiative for Heavily Indebted Poor Countries [I] (GC) • IFAD Strategic Framework. [A] (EB)

Covenant with the Member States

	<p><u>properties:</u></p> <ul style="list-style-type: none"> • Financial Regulations of IFAD (GC) • Investment Policy Statement (EB) <p>• Administrative budget (comprising the regular, IOE and capital budgets) (GC)</p> <ul style="list-style-type: none"> • General Reserve • IFAD Policy on Enterprise Risk Management <p>D. <u>Stewardship of human resources:</u></p> <ul style="list-style-type: none"> • Human Resources Policy (EB) 	<ul style="list-style-type: none"> • IFAD Medium-term Plan [I] EB, which includes also: <ul style="list-style-type: none"> - Corporate Strategic Workplan for Global and Regional Grants • Approval and amendments to the Evaluation Policy (EB) • Appointment of the Director, IOE (EB) • Evaluation Committee reports (EB) • Corporate-level evaluations (EB) • Agreements at completion point • Approval of any other operational policy/guideline or any amendment thereto (EB) • Approval or amendment of the Terms of Reference and Rules of Procedure of the Audit Committee and Evaluation Committee (EB) • Project/programme proposals [A] (EB) • Grant proposals [A] (EB) • Grants, projects/programmes approved under the lapse-of-time procedure [I] (EB) • Planned project activities [I] (EB) • Country strategic opportunities programmes (COSOPs) [R] (EB) • President’s Review on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) [R] (EB + IOE comments) • Report on IFAD’s Development Effectiveness (RIDE) [R] (EB+ IOE comments), which includes also: <ul style="list-style-type: none"> - Implementation of the IFAD Policy on Gender Equality and Women’s Empowerment - Annual Report on Quality Assurance in IFAD’s Projects and Programmes + Management’s response • Memoranda of understanding and cooperation agreements • Annual Reports on Results and Impact of IFAD Operations (ARRI) [R] (EB + Management’s response) <hr/> <p><u>Funds and properties</u></p> <ul style="list-style-type: none"> • Report on the status of contributions to the Replenishment [I] (GC and EB) • Requirements for the drawdown of Member State contributions [A] (EB)
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Covenant with the Member States

		<ul style="list-style-type: none"> • IFAD's administrative budget (comprising the regular, IOE and capital budgets) [A] (GC) • IFAD's annual results-based programme of work and IOE's results-based work programme [A] (EB) • Report of the Audit Committee on IFAD's annual results-based programme of work and IOE's results-based work programme [R] (EB) • Applicable interest rate [A] (EB) • Status report on arrears in principal, interest and service charge payments. [I] (EB) • Debt rescheduling proposals [A] (EB) • Reporting on payments foregone as a result of implementation of the Debt Sustainability Framework (DSF) [I] (EB) • Report on IFAD's investment portfolio [I] (EB) • Resources available for commitment [A] (EB, if required) • Establishment of trust funds (EB) • Selection of the external auditor of IFAD [A] (EB) • Audited/consolidated financial statements of IFAD [A] (EB and GC) • Financial highlights of the year [I] (GC) • Audit Committee reports [R] (EB) • Review of the adequacy of the level of the General Reserve [A] (EB) • Annual Report on Enterprise Risk Management Activities in IFAD [I] (EB) This is now included in financial and development effectiveness reports. • Annual Report on Investigation and Anticorruption Activities [R] (Audit Committee [AC]) • Annual Report on the Activities of the Office of Audit and Oversight [R] (AC) • IFAD internal audits <hr/> <p><u>Human resources</u></p> <ul style="list-style-type: none"> • Update on Change and Reform [I] (EB) • Special expenditure for reform actualization [I] (GC)
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Controls

Orientation	Tools	Reporting
<p><u>Management and direction</u></p> <p>The President</p> <p>"The President shall head the staff and, under the control and direction of the Governing Council and the Executive Board, shall be responsible for conducting the business of the Fund." (Article 6.8(d) of the Agreement Establishing IFAD)</p>	<p>Framework for delegation of authority</p> <p>IFAD Manual</p> <p>Executive Management Committee (EMC) (weekly)</p> <p>Operational Management Committee (OMC) (bi-weekly)</p> <p>IFAD Management Team (IMT) (quarterly)</p> <p>Investment and Finance Advisory Committee (FISCO) (bi-monthly)</p> <p>Enterprise Risk Management Committee (ERMC)</p> <p>IT Governance Committee (ITGC)</p>	<ul style="list-style-type: none"> • IFAD’s Corporate Planning and Performance Management System (CPPMS) which includes <i>inter alia</i>: <ul style="list-style-type: none"> -at corporate level, the results-based programme of work and budget; -at the departmental level, strategic departments plan (SDPs); -at the divisional level, divisional management plans (DMPs); -at the staff level, staff performance planning and evaluation under the performance evaluation system (PES) • Annual Report on Enterprise Risk Management Activities in IFAD [I] (EB), now included in financial and development effectiveness reports.

Controls

<p>Monitoring and measurement of results</p>	<p>Borrowers' Use) IFAD Operational Procedures for Project and Programme Audits (for use by IFAD and cooperating institutions)</p> <p>Guidelines for Project Completion; and Guidelines for Supervision and Implementation Support of Projects and Programmes Funded from IFAD Loans and Grants</p>	<p>(PRISMA) +IOE comments [R] (EB)</p> <ul style="list-style-type: none"> • Report on IFAD's Development Effectiveness (RIDE) [R] (EB + IOE comments), which includes also: <ul style="list-style-type: none"> - IFAD's Policy on Gender Equality and Women's Empowerment; - Annual Report on Quality Assurance in IFAD's Projects and Programmes + Management's response • Agreements at completion point
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Controls

Orientation	Tools	Reporting
<p><u>Stewardship of the funds and properties</u></p> <p>Fiduciary care Value-for-money principle</p>	<p>Corporate Procurement Guidelines</p> <p>General Conditions for the Purchase of Goods and Services</p> <p>Contract Review Committee (CRC)</p> <p>Property Survey Board</p> <p>IFAD Property Policies and Procedures</p> <p>IFAD Contributions Handbook</p> <p>Investment Guidelines</p> <p>Internal Control Framework for IFAD's Investments</p> <p>Treasury Manual</p> <p>Guidelines for use of 3% carry-forward funds</p> <p>Financing Administration Manual</p> <p>Procedure for Financing from the Grants Programme</p> <p>Administrative Procedures for IFAD Country Offices</p> <p>IFAD Country Office Administrative Handbook</p>	<ul style="list-style-type: none"> • Report on the status of contributions to the Replenishment. [I] GC • Midterm review of IFAD's Replenishment • Requirements for the drawdown of Member State contributions [A] (EB) • IFAD's administrative budget (comprising the regular, IOE and capital budgets) [A] (GC) • IFAD's annual results-based programme of work and results-based work programme [A] (EB) • Applicable interest rate [A] (EB) • Status report on arrears in principal, interest and service charge payments [I] (EB) • Debt rescheduling proposals [A] (EB) • Reporting on payments foregone as a result of implementation of the DSF [I] (EB) • Report on IFAD's investment portfolio [I] (EB) • Resources available for commitment [A] (EB, if required) • Proposals for establishment of funds to the Executive Board • Selection of the external auditor of IFAD [A] (EB)

Controls

	<p>Travel Manual</p> <p>Records Management Manual</p> <p>Attestation by Management over financial internal controls</p> <p>Attestation by the external auditor over financial internal controls</p>	<ul style="list-style-type: none"> • Audited/Consolidated financial statements of IFAD [A] (EB) • Annual Report on Enterprise Risk Management Activities in IFAD [I] (EB) (included in financial and development effectiveness reports) • Annual Report on Investigation and Anticorruption Activities [I] (EB) • Annual Report on the Activities of the Office of Audit and Oversight [R] (AC) • IFAD internal audits • Review of the adequacy of the level of the General Reserve [A] (EB)
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Controls

Orientation	Tools	Reporting
<p><u>Stewardship of human resources</u></p> <p>Strategic planning</p> <p>Administration:</p> <ul style="list-style-type: none"> • Recruitment and selection • Job descriptions • Performance and career management • Salary administration, benefits and social security <p>Managing conflicts of interest</p>	<p>Strategic Workforce Plan</p> <p>Staff Rules</p> <p>Implementing Procedures</p> <p>President’s bulletins and memorandums</p> <p>Office of Audit and Oversight</p> <p>Ethics Office</p> <ul style="list-style-type: none"> - Annual Financial Disclosure - Annual certification of compliance with IFAD’s Code of Conduct 	<p>As required</p> <ul style="list-style-type: none"> • Update on Change and Reform [I] (EB) • Special expenditure for reform actualization [I] (GC) <p>• Annual Report on Investigation and Anticorruption Activities [R] (AC)</p> <p>• Annual Report on the Activities of the Office of Audit and Oversight [R] (AC)</p> <p>• IFAD internal audits</p>

