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Investing in rural people

## **Revision to the procedures for handling disciplinary measures following integrity investigations, as contained in the IFAD Evaluation Policy**

### **Note to Executive Board representatives**

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**For: Approval**

## Recommendation for approval

The Executive Board is invited to approve that: paragraphs 64 and 82 of the Revised Evaluation Policy be amended as set out in paragraph 16(a) and (b).

## Revision to the procedures for handling disciplinary measures following integrity investigations, as contained in the IFAD Evaluation Policy

1. At its 110<sup>th</sup> session, the Executive Board discussed and approved amendments to the procedures for selecting and appointing the Director of the Independent Office of Evaluation of IFAD (IOE) contained in the IFAD Evaluation Policy. With respect to the proposed changes to paragraphs 64 and 82 of the Revised IFAD Evaluation Policy,<sup>1</sup> the Board noted that the Evaluation Committee would submit a final proposal to the Executive Board, as appropriate and subsequent to review at its eighty-second session in March 2014.

### Background

2. On 28 July 2013, the Executive Board approved a recommendation made by the Ad-Hoc Working Group on the Appointment of the Director, IOE, that Management undertake an investigation of a possible integrity issue identified by the Working Group involving an IOE staff member and submit a report to the Executive Board on the matter.
3. Management carried out the investigation, and on 18 September 2013, in a closed session, Management presented findings to the Executive Board. In doing so, Management indicated that, under IFAD's Human Resources Implementing Procedures, section 2.13(iii), disciplinary measures would be called for, were any other IFAD staff member involved.
4. A procedural gap was identified in relation to the absence of guidance in the Evaluation Policy on how the disciplinary stage of the investigation process should be accomplished.
  - (a) Paragraph 82, which deals with integrity investigations involving IOE staff, states:
 

“[The] IOE Director and staff are held to the same integrity standards as all other IFAD staff, and subject to integrity investigations if the need arises. The President has the authority to initiate investigations through the Office of Audit and Oversight of the activities or conduct of the Director of IOE or the staff of IOE, with the results considered by the Executive Board.”
  - (b) Paragraph 64, which deals solely with the IOE Director and essentially duplicates the provisions set out in paragraph 82 (which also apply to the IOE Director), has nearly identical language:

<sup>1</sup> “64. Normal IFAD procedures would be followed for any integrity investigations related to Director OE with the results considered by the Executive Board.

“82. **Investigation.** IOE Director and staff are held to the same integrity standards as all other IFAD staff, and subject to integrity investigations if the need arises. The President has the authority to initiate investigations through the Office of Audit and Oversight of the activities or conduct of the Director of IOE or the staff of IOE, with the results considered by the Executive Board.”

“Normal IFAD procedures would be followed for any integrity investigations related to Director OE with the results considered by the Executive Board.”

5. The phrase “with the results considered by the Executive Board” in both paragraphs 64 and 82 is, with one exception, insufficiently clear to provide guidance on how disciplinary measures are to be determined and imposed.<sup>2</sup> Therefore, in a closed session of the Executive Board on 18 September 2013, after having been briefed by the President on the results of the integrity investigation, and after having been satisfied that the imposition of disciplinary measures would be appropriate, the Executive Board then had to determine the appropriate process for imposing disciplinary or corrective measures.
6. After extensive discussion, the Board concluded that a decision on which specific disciplinary measures should be administered would be both inappropriate for and beyond the normal competence of the Board. Therefore, the Board asked the President to carry out the disciplinary stage of the investigation process, in the same way as he would for any other IFAD staff member, following the same procedures and applying the same standards that would be applied to any other IFAD staff member.
7. To help close the procedural gap, revisions to paragraphs 64 and 82 of the Evaluation Policy were proposed to the Evaluation Committee at its eightieth session on 18 November 2013. The purpose of the revisions was to reflect the decision taken by the Executive Board at its closed session on 18 September 2013 and thereby provide appropriate guidance, should such investigations take place in the future.
8. A clear policy will be useful with respect to the authority to impose disciplinary measures, if any, arising from such investigations, after the results of the investigations are duly considered by the Executive Board. Having this information appropriately and clearly reflected in the Revised Evaluation Policy would be important for several reasons, including the smooth functioning of the Executive Board.
9. In addition, this revision would provide clarity and certainty to current and prospective IOE staff about IFAD disciplinary procedures, and would help to ensure that the procedures followed to impose any disciplinary action would withstand scrutiny upon review, should a disciplined IOE staff member file an appeal.
10. IOE raised some concerns with respect to the proposals, including that they did not arise directly from the work of the Ad-Hoc Working Group, and it was agreed at the 110<sup>th</sup> session of the Executive Board that this issue would be considered by the Evaluation Committee at its eighty-second session in March 2014, taking into consideration the concerns raised by IOE and allowing time for members to consult with capitals. It was also agreed that, subsequent to this review, the Evaluation Committee would submit, in April 2014, a final proposal to the Executive Board for revisions to paragraphs 64 and 82 as appropriate. In addition, some Executive Board members requested that a review of practices in similar organizations be carried out to help inform the decision on this matter.
11. The proposed revisions to paragraphs 64 and 82, which now reflect the agreed views of both IOE and IFAD Management (including the Office of Audit and Oversight [AUO]), set out the procedures that would be followed after the President has carried out an investigation and presented the results to the Board for its

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<sup>2</sup> The procedures for the dismissal of the Director, IOE are clearly spelled out in paragraph 59, where the power to dismiss the Director and terminate his or her appointment is clearly reserved for the Executive Board. Because the Evaluation Policy does not refer to lesser disciplinary measures other than dismissal of the IOE Director, nor to the disciplinary process to be followed, this leads to the conclusion that the provisions of paragraph 82, which explicitly include the IOE Director, would apply.

consideration, following the procedures already established under the existing Evaluation Policy.

12. The proposed revisions provide that, except as otherwise decided by the Executive Board, once the Executive Board has considered the results of an investigation the President will determine the appropriate disciplinary measures, if any, in line with the applicable rules and procedures followed for all other IFAD staff.
13. These revisions set out clearly the procedures to be followed, and they also specifically reserve for the Board the ultimate authority to take other measures on its own initiative, should it so decide. As is provided in the existing Evaluation Policy, the only exception would be if the proposed disciplinary action is dismissal of the IOE Director: this matter will always be determined by the Executive Board.
14. Responding to the request for a review of practices in similar organizations, AUO polled six international financial institutions with independent offices of evaluation: the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank and the World Bank.
15. The results of this survey revealed that all six institutions handle disciplinary decisions pursuant to the outcome of integrity investigations of allegations against the staff and head of their independent offices of evaluation in the same manner as for all other staff. And, with only one exception, where misconduct has been proven, decisions on any sanction to be applied to the head or staff of the evaluation office would be taken by the chief executive officer of the institution or other senior officer or internal body delegated to do so, and the Executive Board would be informed.<sup>3</sup> Moreover, as is currently the case at IFAD, it appears that it is usually the case that a decision on a sanction that would lead to the removal of the head of evaluation would need to be taken by the Executive Board or equivalent. The current IFAD provisions as well as the proposed amendments are in conformity with the Good Practice Standards<sup>4</sup> issued by the Evaluation Cooperation Group of multilateral development banks, of which IOE is a member.
16. Therefore, to provide the needed clarity with respect to how the disciplinary stage of an integrity investigation of IOE staff would be handled, and in line with the practices identified at major peer international financial institutions with independent offices of evaluation, the following amendments to the evaluation policy (highlighted in bold) are proposed:

- (a) Paragraph 64 would be amended to read as follows:

64. Normal IFAD procedures **will** be followed for any integrity investigations related to **the** Director **of** IOE with the results considered by the Executive Board. **Following this consideration, and unless otherwise decided by the Executive Board, the President will determine the appropriate disciplinary measures, if any, in line with the applicable rules and procedures followed for all other IFAD staff, with the exception of dismissal, which shall be decided by the Executive Board.**

- (b) Paragraph 82 would be amended to read as follows:

82. **Investigation. The** IOE Director and staff are held to the same integrity standards as all other IFAD staff, and subject to integrity investigations if the

<sup>3</sup> The only institution registering an exception indicated that their policy was silent on this matter.

<sup>4</sup> The relevant standards are: "Only the Board may terminate the head of the Corporate Evaluation Department (CED); any such termination should be for cause, based on performance or conduct grounds." and "The CED's staff should not be disadvantaged because of the judgments and findings they report, and policies should be in place to ensure against such disadvantage. These should include policies that permit (but not necessarily require) the use of separate processes for assessing the CED's staff for changes in compensation, promotions, and job tenure, and for handling human resource issues."

need arises. The President has the authority to initiate investigations through the Office of Audit and Oversight of the activities or conduct of the Director of IOE or the staff of IOE, with the results considered by the Executive Board.

**Following this consideration, and unless otherwise decided by the Executive Board, the President will determine the appropriate disciplinary measures, if any, in line with the applicable rules and procedures followed by IFAD for all other IFAD staff, with the exception of dismissal of the IOE Director, which shall be decided by the Executive Board.**