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Principles of Conduct for IFAD Executive Board Representatives

Note to Executive Board representatives

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For: Review

Principles of conduct for IFAD Executive Board Representatives

Introduction

The issue of a code of conduct for Executive Board representatives has been discussed on various occasions by IFAD's governing bodies, most recently as a result of one of the recommendations of the Corporate-level evaluation on IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE) that a code of conduct be developed for the Executive Board. It was agreed that this matter would be considered by Convenors and Friends. After these discussions, an informal seminar, open to all Membership, was organized in September 2014. External resource people from the Inter-American Development Bank, the International Monetary Fund and the World Bank made presentations to the seminar, focusing on the codes of conduct in effect at their institutions, the process leading to their development, their implementation and lessons learned. The Executive Board was apprised of the outcome of the informal seminar at its 112th session in September 2014, and it was agreed that the Secretariat would work with Convenors and Friends in order to prepare a document for discussion at the Executive Board session in December 2014. This document would include a preamble dealing with the reasons and justification for the consideration of a code of conduct for Executive Board representatives and present a proposed code of conduct, tailored to IFAD's specific needs.

Why Principles of Conduct?

A code of conduct is already in place at IFAD to ensure that the conduct of staff and consultants is regulated and aligned with the interests of IFAD. Executive Board representatives are officials of their countries' national civil service and subject to national rules.

The establishment of Principles of Conduct for Executive Board representatives would be in line with international good practice. These Principles of Conduct would be intended to be an open, central guide and reference that help to improve standards of transparency. This can be especially important in international bodies where cultural diversity and language differences can lead to the need for clarification to establish a common, shared understanding of principles of conduct. They would provide visible guidelines for conduct and also serve as an important communication vehicle that reflects the covenant that Board representatives make to uphold important values while serving on IFAD's Executive Board.

The Principles could help to strengthen governance and the reputation of the Fund, which can lead to a more supportive political environment and an increased level of public confidence and trust among important constituencies and stakeholders.

Introducing a Code of Conduct or similar has been recommended by the Independent Office of Evaluation of IFAD in a number of evaluations, including the CLEE, which noted, inter alia:

- "... a Code of Conduct for Board members [is] a normal integrity requirement in other IFIs." (para. 114)
- "The lack of a code of conduct for Board members exposes the organization to reputational risks and needs attention." (para. 133 [x])
- "To confirm the integrity of IFAD's governance framework, a code of conduct for the Board should be introduced, in line with the other IFIs." (para. 142)
- "The absence of a code of conduct for Board members might compromise the integrity of its strategic and oversight role." (para. 177, Key points)

Draft Principles of Conduct for IFAD Executive Board representatives

Preamble

WHEREAS, it is recognized that codes/principles of conduct of institutions are generally intended to, inter alia:

- Ensure basic standards of conduct, including respect for all persons, regardless of gender, nationality, age, religion, sexual orientation or culture;
- Further enhance best practices in relation to the governance of the institution; and
- Safeguard the institution from reputational risk.

ACCORDINGLY, all major international financial institutions (including those with resident boards of directors and non-resident boards of directors) have adopted codes/principles of conduct for their executive boards.

RECALLING, that at the recommendation of the ad hoc working group on the appointment of the Director of the Independent Office of Evaluation (IOE) of the International Fund for Agricultural Development (hereafter "IFAD" or "the Fund"), the Executive Board approved the inclusion of language in IFAD's revised Evaluation Policy on considerations for identifying and handling conflicts of interest in the selection of the Director, IOE, specifying that "In the process of recruiting and selecting the IOE Director, search panel members must avoid any situation that poses an actual conflict or the potential for or the appearance of a conflict between their individual interests and the performance of their official duties."¹

NOTING, that this decision reflects the Executive Board's recognition that in order to ensure impartiality and protect the integrity of the Fund's decision-making process, it is necessary to identify and address actual, potential and apparent conflicts of interest of Executive Board representatives.

NOW, THEREFORE, the Executive Board of IFAD hereby adopts the following Principles of Conduct (hereafter "the Principles"):

1. **Application of the Principles.** These Principles apply to representatives of the members and alternate members (hereafter "representatives") of the Executive Board of IFAD.² They set out the rules applicable in matters of professional ethics and behaviour.

The Principles are neither all-inclusive nor exhaustive; rather their purpose is to set out fundamental principles for avoiding situations of conflict of interest and in general to uphold proper conduct.

2. **Basic standard of conduct.** Representatives shall discharge their duties with due diligence. The conduct of representatives in the context of their IFAD duties, including in their interactions with IFAD staff and other representatives, shall be in accordance with the highest ethical standards, as befitting official representatives of sovereign Member States of the Fund and the international status of the Fund.

Representatives shall show the utmost discretion and integrity in all matters concerning the Fund, both during their mandate period and after their service as representatives on the Executive Board of IFAD has ended.

¹ Paragraph 58(j) of the Revised Evaluation Policy (EB 2011/102/R.7/Rev.2), as amended at the 111th session of the Executive Board.

² As Chairperson of the Executive Board, these Principles of Conduct shall also be applicable to the President of IFAD.

3. **Conflicts of interest.** In carrying out their duties, representatives must avoid any situation that poses an actual conflict or the potential for, or the appearance of, a conflict between their personal interests and the performance of their official duties.

An actual, potential or apparent conflict of interest arises when a representative's personal interests interfere in any way with the performance of his/her official duties or with the interests of the Fund. A conflict of interest may arise when a representative takes actions or has interests that make it difficult to perform his or her work objectively and effectively, or when a representative takes actions that intentionally result in improper benefits for that representative, immediate family members or other persons or entities.

An actual conflict of interest involves a conflict between a representative's official duties as part of the Executive Board and his/her individual interests that could improperly influence the performance of those official duties. A potential or apparent conflict of interest arises when it could reasonably be perceived that a representative's personal interests could improperly influence the performance of his/her official duties, even if this is not, in fact, the case.

Specifically, representatives shall avoid any action that might result in, or create the potential for or the appearance of:

- (i) Giving unwarranted preferential or prejudicial treatment to any organization or person;
- (ii) impeding the efficiency of the decision-making processes in the Executive Board;
- (iii) Losing independence or impartiality of action; and
- (iv) Affecting adversely the confidence of Member States or the public in the integrity of IFAD.

A representative having an actual, potential or apparent conflict of interest concerning a deliberation or a decision to be taken by the Executive Board shall declare it to the Chairperson of the Executive Board and the Secretary of IFAD prior to the relevant session, shall not communicate with other representatives regarding the decision or deliberation, shall not participate in the discussion of such item in the Executive Board, and shall abstain from voting on such decision. Any such declaration concerning a recusal shall be recorded in the minutes of the session as follows: "The representative of _____ recused himself/herself from consideration of this item."

A representative having a conflict of interest concerning a decision of the Executive Board to be adopted by written or tacit procedure shall abstain from communicating with other representatives about the decision and shall abstain from voting on such decision. He/she may ask, in writing, the Secretary of IFAD that his/her abstention on grounds of conflict of interest be recorded.

Any representative may also inform the Executive Board if he/she believes that another representative should recuse himself/herself from any official duties as representative on the Executive Board, because of an actual, potential or apparent conflict of interest. Such communication shall be submitted in writing to the Secretary of IFAD, who shall duly inform the Executive Board and request the Executive Board to decide whether an ad hoc committee should be formed to consider the matter. In the event that it is decided that an ad hoc committee should be formed, the Executive Board shall nominate a representative from each List to form the committee. Following consultation with the representative concerned, the ad hoc committee shall determine whether an actual, potential or apparent conflict of interest exists. If it is determined that an actual, potential or

apparent conflict of interest exists, the Executive Board shall be informed and the representative shall be given written notice advising that his/her recusal from the relevant decision-making process shall be required in the interests of the Fund.

4. **Administration of the Principles.** Any breach of the Principles will be addressed to the Executive Board through the Secretary of IFAD, who shall request the Executive Board to nominate a representative of each List to consider the issue and conduct an investigation, if necessary. The Secretariat shall provide support to the process as required. In the event of the conduct of an investigation, the results thereof shall be communicated confidentially to the Executive Board, which shall consider the related recommendations, if any, in a closed session. Should breaches or allegations be substantiated, the Executive Board may then decide to either:
- Issue a letter of censure to the representative concerned; or
 - Issue a letter of censure to the representative concerned with a copy to the representative's Member State.

No other sanctions in respect of a breach of the Principles shall be applied.