Principles of Conduct for Representatives on the Executive Board of IFAD

Note to Executive Board representatives

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<th>Focal points:</th>
<th>Technical questions:</th>
<th>Dispatch of documentation:</th>
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Executive Board — 115th Session
Rome, 15-16 September 2015

For: Approval
Recommendation for approval
The Executive Board is invited to consider the draft resolution on the proposed Principles of Conduct for Representatives on the Executive Board of IFAD as contained in the annex to the present document, and to approve its submission to the Governing Council at its thirty-ninth session.
Furthermore, with respect to the eligibility for employment contracts or other non-staff contracts with IFAD (such as consultancy contracts) of Executive Board representatives, and upon the approval of the resolution by the Governing Council, the Executive Board is tasking Management with developing appropriate provisions concerning a cooling-off period, aligned with similar provisions and a compatible duration as reflected in the relevant human resources rules and procedures as updated from time to time.

Principles of Conduct for Representatives on the Executive Board of IFAD

I. Introduction

1. The issue of developing 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). 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.

2. 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.

II. Why Principles of Conduct?

3. 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.

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

5. The principles will help to strengthen governance and the reputation of the Fund, which, in turn, is expected to lead to a more supportive political environment and
an increased level of public confidence and trust among the Fund’s constituencies and stakeholders.

6. With the call for new sources of financing and increased partnership and collaboration with the private sector, these Principles of Conduct will aim to safeguard IFAD and its Executive Board from reputational risk, while delivering a clear signal to current and future investors and partners as to the integrity of the institution and its governance.

7. Introducing a code of conduct or similar instrument has been recommended by the Independent Office of Evaluation of IFAD in a number of evaluations, including the CLEE, which noted, inter alia:

(i) “... a Code of Conduct for Board members [is] a normal integrity requirement in other IFIs.” (para. 114)

(ii) “The lack of a code of conduct for Board members exposes the organization to reputational risks and needs attention." (para. 133 (x))

(iii) “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)

(iv) “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 Resolution on the Principles of Conduct for Representatives on the Executive Board of IFAD

Resolution.../XXXIX

Preamble

Whereas, it is recognized that codes/Principles of Conduct of institutions are generally intended to, inter alia:

(i) Ensure basic standards of conduct, including respect for all persons, regardless of gender, nationality, age, religion, sexual orientation or culture;

(ii) Further enhance best practices in relation to the governance of the institution; and

(iii) 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.

The Governing Council of IFAD,

Having considered the recommendation of the Executive Board of IFAD relating to the adoption of Principles of Conduct for Representatives on the Executive Board of IFAD;

Noting the Charter of the United Nations;

Recalling the agreement between the United Nations and IFAD bringing it into relationship with the United Nations in accordance with the provisions of articles 57 and 63 of the Charter of the United Nations and of article 8, section 1 of the Agreement Establishing the International Fund for Agricultural Development (hereafter “IFAD” or “the Fund”);

Further recalling that at the recommendation of the ad hoc working group on the appointment of the Director of the Independent Office of Evaluation of IFAD (IOE), the Executive Board approved the inclusion of language in the Revised IFAD 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”;

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;

Recognizing and upholding the sovereign rights of the Member States of IFAD, as further elaborated in article 6, section 8(g) of the Agreement Establishing IFAD, which states that “The President and the staff shall not interfere in the political affairs of any Member. Only development policy considerations shall be relevant to their decisions and these considerations shall be weighed impartially in order to achieve the objective for which the Fund was established”;

Therefore, the Governing Council of IFAD hereby adopts the following Principles of Conduct for Representatives on the Executive Board of IFAD (hereafter “the Principles”) and amends section 4 of the by-laws for the Conduct of the Business of IFAD as follows:

(the text to be added is underlined)

1 Paragraph 58(j) of the Revised IFAD Evaluation Policy (EB 2011/102/R.7/Rev.2), as amended at the 111th session of the Executive Board.
"Each member and alternate member of the Executive Board shall appoint a person competent in the fields of the Fund’s activities to represent it on the Board. Each such representative shall observe the Principles of Conduct for Representatives on IFAD’s Executive Board and shall serve on the Board at least for one term of the member or the alternate member concerned, unless such member decides otherwise."

1. **Application of the Principles.** Recalling rule 7 of the Rules of Procedure of the Executive Board, which states, inter alia, that “Each member and alternate attending a session of the Board shall be represented by the representative whose name shall be communicated to the President by the official channel established by the State concerned”, these Principles apply to representatives of the members and alternate members (hereafter “representatives”) and the Chairperson of the Executive Board of IFAD. They set out the guiding principles applicable in matters of professional ethics and behaviour, in their individual capacities.

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 appropriate standards of 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.

3. **Confidentiality.** Representatives shall show the utmost discretion and integrity in sensitive matters concerning the Fund. Representatives shall respect the obligation of confidentiality as regards information received in the course of their duties as representatives on IFAD’s Executive Board. Such obligations shall apply both during their mandate period and after their service as representatives on the Executive Board of IFAD has ended.

4. **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 or are perceived to interfere in any way with the performance of his/her official duties or with the interests of the Fund.

   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. Such 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.

   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.

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2 These Principles of Conduct shall apply, mutatis mutandis, to representatives on the subsidiary bodies of the Executive Board of IFAD.
In order to avoid such circumstances, representatives shall refrain from 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 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.

5. **Acceptance of gifts.** Representatives and the Chairperson of the Executive Board shall exercise tact and judgement in relation to the acceptance of gifts, favours or entertainment from persons having dealings with IFAD in order to protect the Fund from any appearance of impropriety or of improper influence on the performance of their official duties.

The ordinary courtesies of international business and diplomacy may be accepted, but gifts, favours, and entertainment shall not be accepted unless:

(i) They are of insignificant monetary value;

(ii) They neither influence, nor appear to influence, the recipient’s judgement; and

(iii) They cannot be seen to jeopardize the integrity of the recipient.

Any gift that is accepted on the basis of the judgement of a representative or the Chairperson of the Board that refusal to accept would offend or embarrass the gift-giver or IFAD shall be accepted on behalf of the Fund, reported to the Secretary of IFAD and promptly turned over to IFAD.

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3 Gifts include any tangible goods or services, honour, decoration, remuneration, favours or economic benefits.