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Report of the Emoluments Committee

Note to Executive Board representatives

The Executive Board is invited to transmit this document to the Governing Council at its fortieth session in February 2017, and to recommend the Council's adoption of the draft resolution contained herein.

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Executive Board — 119th Session
Rome, 14-15 December 2016

For: Approval

Recommendation for approval

The Executive Board is invited to recommend that the Governing Council adopt the draft resolution attached hereto at its fortieth session.

Report of the Emoluments Committee

I. Introduction

1. Section 6(1) of the By-laws for the Conduct of the Business of IFAD provides, inter alia, that: "The salary, allowances and other entitlements of the President shall be determined by resolution of the Governing Council. In addition, he shall be entitled to participate in insurance, medical, pension, retirement and other plans as may be established for the employees of the Fund and not otherwise covered by his emoluments."
2. The Governing Council – being the only body with the authority to determine the remuneration of the IFAD President in accordance with article 6.2(c)(vi) of the Agreement Establishing the International Fund for Agricultural Development – at its first session in December 1977, adopted resolution 77/5, thus establishing the net salary, representation allowance and benefits of the President of IFAD on a par with those of the reference United Nations agency in Rome, namely the Food and Agriculture Organization of the United Nations (FAO).
3. Subsequently, the Governing Council adopted resolution 82/XVII at its seventeenth session in January 1994, resolution 121/XXIV at its twenty-fourth session in February 2001, resolution 152/XXXII in February 2009, and resolution 174/XXXVI in February 2013 establishing the salary, allowances and other entitlements of the Presidents of IFAD appointed at those sessions.
4. Having considered the recommendation of the Executive Board contained in document GC 39/L.6/Rev.1, the Governing Council, at its thirty-ninth session held in February 2016, adopted resolution 191/XXXIX, in which it decided:
 - (a) To re-establish an emoluments committee to review the overall emoluments and other conditions of employment of the President of IFAD, including the conclusions of a study on availability and pricing in Rome of suitable housing for the President. The committee shall submit to the fortieth session of the Governing Council, through the Executive Board, a report thereon together with a draft resolution on the subject for adoption by the Governing Council;
 - (b) The committee shall consist of nine Governors (four from List A, two from List B and three from List C) or their representatives who shall be nominated by the Chairperson pursuant to rule 15.2 of the Rules of Procedure of the Governing Council; and
 - (c) The committee shall be provided with specialist staff to offer such support and advice as the committee may require."

II. Composition of the Committee

5. The Emoluments Committee is composed of the following members: Canada, Finland, Germany, and Italy from List A; Gabon and the Bolivarian Republic of Venezuela from List B; and Brazil, Liberia and Pakistan from List C.
6. The Committee met four times in 2016: on 28 April, 24 June, 10 October, and 4 November. At its first meeting, the Committee elected Mr David Cuming, the representative for Canada, as its Chairperson.

III. Report

7. To assist in its review of the overall emoluments of the President, the Committee examined all the information provided, including the 2012 report of the independent consultant, and after careful consideration arrived at the following conclusions:

A. Salary

8. The Committee concluded that it is appropriate to continue to link the salary of the President to the salary of the Director-General, FAO. This linkage has provided the basis for the President's salary since 1977, and the comparative analysis indicates that it positions the salary of the President of IFAD at an appropriate level among other international organizations, taking into account differences in the scope and scale of their operations. The Committee considers that the salary is set at a level that effectively supports the recruitment of a President with the qualifications and experience that IFAD requires.

B. Representation allowance

9. The Committee considered the amount of the President's representation allowance (US\$50,000), which is also aligned with the corresponding allowance of the Director-General, FAO. Although the amount of the allowance has not been adjusted for inflation or currency movements since 1994, the Committee concluded that the current amount remains appropriate and that the linkage between IFAD and FAO allowances should be retained.

C. Benefits

10. Under section 6(1) of the By-Laws for the Conduct of Business of IFAD, the President "... shall be entitled to participate in insurance, medical, pension, retirement and other plans as may be established for the employees of the Fund and not otherwise covered by his emoluments". The application of staff benefit programmes and allowances to the executive head is the standard practice among the reference international organizations. On the basis of the report, the Committee found that the overall benefits package of the President is broadly consistent with those of the other organizations. No issues requiring specific attention were identified. It was concluded that the current benefit arrangements should continue.

D. Housing and security

11. The Committee concluded that IFAD should continue to provide appropriate housing for the President. The Fund's payments for housing constitute a significant element of the President's total remuneration and are necessary to ensure an attractive and competitive overall compensation package. In considering the scope and level of IFAD's housing payments, the Committee was mindful of the need to balance two considerations. While it is in the Fund's interest to ensure that the residence is appropriate for the President and his/her household, it is equally important to ensure that housing costs are contained. In order to maintain an appropriate balance between these considerations, the Committee has concluded that the following arrangements should be continued:

- (i) On the basis of the information provided to the Committee, the ceiling of EUR 180,000 per annum should continue to apply. The ceiling is aligned with that of the Director-General, FAO, and will apply to expenditures incurred over a calendar year and will be pro-rated in the event that a President does not serve for a full calendar year. A statement of recurrent housing expenditures will be prepared annually and audited after the end of each year, with IFAD recovering from the President any amounts determined to be in excess of the ceiling or ineligible for payment by IFAD.

The recurrent housing costs that will be payable by IFAD and counted as expenditures subject to the ceiling will include rent and associated banking/service charges; utilities; telecommunications equipment and connections; upkeep, repairs and maintenance of the house and grounds and other related expenses. Expenditures on security systems, including maintenance, will be based on assessment and certification of security requirements by the United Nations Department of Safety and Security (UNDSS) and will be subject to the overall ceiling. The Committee takes it that, when selecting the residence, due consideration will be given to the security aspects. Management has assured the Committee that it will limit the housing options (including security) presented to the new President to those that fall within the established housing ceiling. The Committee takes note of Management's concern that security costs vary widely based on a variety of factors, and even more so in light of the evolving global security situation. It may prove necessary to address an adverse change of circumstances having a bearing on the security of the President and to incur additional expenditures for security of the residence as certified as necessary by UNDSS. Management will make all necessary efforts to contain such costs within the ceiling. If unable to do so, the Executive Board, following a review by the Audit Committee, will report to the Governing Council on such additional expenditures and make recommendations for the Council's consideration.

- (ii) The Fund will cover reasonable and necessary one-time expenditures in connection with the setting up, equipping and refurbishing of a President's residence. Such expenditures will be charged either against the ceiling for the first year of a President's term or, in equal instalments, against the ceilings for each year of the term. Such costs will be payable by IFAD only on one occasion and only upon the initial appointment of a President.

E. Communication

- 12. The Committee concluded that the cost of official telephone calls would continue to be reimbursed and would not count towards the ceiling on housing expenditures, given that such costs constitute a normal business expense for the organization; the cost of personal telephone calls would be paid by the President. In the event that official and personal telephone calls are charged to a single line or are otherwise difficult to separate, costs could be divided equally between the President and IFAD in the interest of administrative simplicity; such sharing has applied in the past.

F. Contractual arrangement

- 13. The Committee also concluded that IFAD should maintain the present arrangements whereby the organization is the leaseholder for the President's residence and is administratively responsible for service charges, utilities, repairs and maintenance. Retaining authority for the lease gives the Fund greater control over the standard and cost of the housing, and it relieves the President of housekeeping, thus facilitating his/her concentration on official responsibilities.

IV. Concluding remarks

- 14. The Committee expressed its appreciation to Management for its support.

Draft resolution

Resolution .../XL

The emoluments of the President of IFAD

The Governing Council of IFAD,

Taking into account section 6(1) of the By-laws for the Conduct of the Business of IFAD, which states, inter alia, that the salary, allowances and other entitlements of the President of IFAD shall be determined by resolution of the Governing Council;

Recalling resolution 191/XXXI, adopted by the Governing Council on 17 February 2016, whereby a committee was established to review the overall emoluments and other conditions of employment of the President of IFAD, including the conclusions of a study on availability and pricing in Rome of suitable housing for the President;

Noting and having considered the report of the Emoluments Committee contained in document GC 40/L.____ and the recommendations of the Executive Board thereon;

Decides that:

1. The salary of the President of IFAD shall continue to be established on a par with that of the Director-General of the Food and Agriculture Organization of the United Nations (FAO).
2. The President's representation allowance of US\$50,000 per annum shall continue to be provided.
3. The President shall continue to be entitled to participate in insurance, medical, pension, retirement and other plans as may be established for the employees of the Fund and not otherwise covered by his/her emoluments.
4. The Fund shall make housing arrangements for the President in accordance with the following conditions:
 - (a) The Fund, with due consideration to the cost implications of the security aspects, will continue to provide appropriate housing for the President. Subject to subparagraphs 4(b) through 4(e) below, the Fund's annual housing expenditures will not exceed the amount of EUR 180,000. The ceiling is aligned with that of the Director-General, FAO, and will apply to expenditure incurred over a calendar year and pro-rated in the event that a President does not serve for a full calendar year. A statement of recurrent housing expenditures will be prepared annually and audited after the end of each year, with IFAD recovering from the President any amounts determined to be in excess of the ceiling or ineligible for payment by IFAD.
 - (b) The recurrent housing costs that will be payable by IFAD and counted as expenditures subject to the ceiling will include rent and associated banking/service charges; utilities; telecommunications equipment and connections; and upkeep, repairs and maintenance for the house and grounds and other related expenses.
 - (c) Expenditures for security systems will be paid by IFAD, provided that they are certified as necessary by the United Nations Department of Safety and Security; they will be subject to the ceiling. It may prove necessary to

address an adverse change of circumstances having a bearing on the security of the President and to incur additional expenditures for security of the residence as certified as necessary by UNDSS. Management will make all necessary efforts to contain such costs within the ceiling. If unable to do so, the Executive Board, following a review by the Audit Committee, shall report to the Governing Council on such additional expenditures and make recommendations for the Council's consideration.

- (d) The cost of official telephone calls will be reimbursed by IFAD and not counted against the ceiling. The cost of personal telephone calls will be paid by the President. In the event that the costs of official and personal phone calls are difficult to separate, the total cost of calls will be divided equally between the President and IFAD.
 - (e) The Fund will cover reasonable and necessary one-time expenditures in connection with the setting up, equipping, and refurbishing of a President's residence. Such expenditures will be charged either against the ceiling for the first year of a President's term or, in equal instalments, against the ceilings for each year of the term. Such installation costs will be payable by IFAD only on one occasion and only upon the initial appointment of a President.
5. The salary, allowances and other entitlements specified in paragraphs 1 to 4 of this resolution shall apply to the person appointed as President of IFAD at the fortieth session of the Governing Council.