Streamlining of governing body documentation

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 8. The Executive Board is also invited to consider the draft resolution contained herein and to submit it, together with its recommendations, to the Governing Council at its forty-seventh session in February 2024 for consideration and adoption.
Streamlining of governing body documentation

I. Background

1. The volume of documentation presented to IFAD’s governing bodies has changed in the past years in step with the Fund’s evolution as a financial institution and to respond to requests for additional information from Member State representatives. This led to an increase in the documentation submitted, in particular to the Executive Board and its subsidiary bodies, and subsequently a stabilization of the trend once the financial reforms reached completion. Almost 4,000 pages were submitted to each Executive Board session between 2020 and 2022. This has obvious budgetary implications and presents a challenge for representatives, who need to review these documents within a short space of time.

2. Mindful of the need to seek out efficiencies, Management has taken several steps to refine governing body documentation and simplify procedures where possible. In December 2021, the Board approved revisions to the corporate guidelines on governing body documents (EB 2021/134/R.54) related to length and treatment of annexes. The purpose was to provide Member State representatives with concise, high-quality documents in a timely manner. In addition, at its 138th session (EB 2023/138/R.10), the Board approved proposals to revise its working methods. These proposals included streamlining in-session deliberations through greater use of the online commenting feature available on the Member States Interactive Platform, thus promoting a more homogenous distribution of documentation throughout the year and allowing greater flexibility for finalization of documents and review by Board representatives.

3. To further streamline the documentation presented to IFAD’s governing bodies, Management undertook a review of financial documentation and proposed various revisions to the Audit Committee. It was agreed that, as of the last quarter of 2022, the quarterly status report on arrears in principal, interest and service charge payments would be included as an appendix to the financial highlights document presented to the annual Governing Council session. Furthermore, the reporting frequency of the update on the implementation of IFAD’s Anti-Money Laundering and Countering the Financing of Terrorism Policy, and controllership was changed from an annual to an ad hoc basis, given that the related information is reviewed by IFAD’s risk committees, in line with IFAD’s Enterprise Risk Management Framework.

4. A cross-departmental team was formed to identify potential revisions (set out below). This approach was welcomed by staff and the proposed revisions were seen as responsive to suggestions for reducing workload, streamlining processes and enhancing efficiency, and better aligning the frequency, substantiveness and accuracy of regular reports. Challenges related to the changes in procedure will be mitigated by ensuring clear communication across departments and engaging with relevant colleagues to clarify and assist in the transition. Furthermore, as is currently the case, should Board members require updates on matters not due for Board submission until a later date, the Secretariat will ensure appropriate outreach and information sharing. The Secretariat will monitor the implementation of these revisions and their impact on efficiency in terms of numbers of documents/words processed and submitted to governing bodies.

II. Proposed revisions

5. Management’s review was expanded to consider other types of recurrent documentation, taking into consideration the following factors:

(a) Whether such recurrent submissions represent a formal commitment;
(b) The value added of such recurrent submissions; and
(c) The ideal frequency of submission to IFAD’s governing bodies.

6. As a result of this review, the following proposals to streamline governing body documentation, as included in table 1, are put forward for the Executive Board’s consideration and approval.
Further to the Board’s approval of the review of modalities of formal and informal sessions of the Executive Board and its subsidiary bodies (EB 2023/138/R.10), progress reports may be delinked from Executive Board sessions to distribute documentation more evenly throughout the year and allow greater flexibility for finalization of documents and review by Board representatives. Such documents would be submitted for the Board’s review through the Member States Interactive Platform online commenting feature.

This would require an amendment of the Financial Regulations of IFAD, as described in paragraph 6 and in the draft resolution contained in annex I.
7. The proposal related to the audited financial statements of IFAD, as described in table 1, would require an amendment to the Financial Regulations of IFAD, specifically Financial Regulation XII, paragraph 6. The required amendment is presented in the attached draft resolution.

III. Recommendation
8. The Executive Board is invited to approve the proposed revisions related to governing body documentation, as contained in table 1. The Board is further invited to submit the attached draft resolution to the Governing Council for adoption at its forty-seventh session in February 2024.
Resolution .../XLIV

Amendments to the Financial Regulations of IFAD

The Governing Council of IFAD,

Having considered the recommendation made by the Executive Board at its 139th session, as contained in document GC 47/L.X, Streamlining of governing body documentation;

Acting under Article 6, Section 2(f) of the Agreement Establishing IFAD;

Hereby decides:

1. To amend Financial Regulation XII, paragraph 6, to read as follows (added text is underlined and deleted text is shown in strikethrough):

   6. The Executive Board shall approve at its first session of the year submit to the Governing Council, for approval at its annual session, the report(s) of the external auditor and the audited financial statement of the Fund, including the general balance sheet and a statement of profit and loss, and submit them to the Governing Council, for information, at its annual session.

This resolution and the amendment contained therein shall enter into force and effect as of the date of its adoption by the Governing Council.