
IFAD Ethics Charter

Document: EB 2023/140/R.19/Rev.1

Agenda: 5(d)

Date: 11 December 2023

Distribution: Public

Original: English

FOR: CONFIRMATION

Useful references: Terms of Reference and Rules of Procedure of the Audit Committee of the Executive Board [EB 2009/97/R.50/Rev.1](#).

Technical questions:

Berkis Patricia Perez
Chief of Ethics
Ethics Office
e-mail: b.perez@ifad.org

Contents

Executive summary	II
I. Introduction	1
II. Mission	1
III. Scope of work	1
IV. Independence	2
V. Chief of Ethics	3
VI. Confidentiality	4
VII. Amendment of ETH Charter	4
Attachment: Amendments to the Terms of Reference of the Audit Committee of the Executive Board	5
I. Background	5
II. Proposed amendments to the Terms of Reference of the Audit Committee of the Executive Board	6

Executive summary

IFAD's Ethics Charter and the governing bodies' oversight role with respect to the ethics function at IFAD

During the 168th session of the Audit Committee, Management provided an overview of best practices in international organizations with respect to the oversight role of governing bodies relative to the ethics function. It was noted that an independent ethics function is essential to an institution's credibility and reputation and that a governing body's oversight role can help strengthen this independence. Committee members welcomed the document, agreed to a governing body's oversight role relative to the IFAD ethics function, and in principle, supported reporting to the Board through the Audit Committee.

The Ethics Office (ETH) agreed to present the proposal on the oversight role of governing bodies relative to the ethics function for the Audit Committee's review, the proposal having been prepared and included in the draft Charter of the Ethics Office. The Ethics Office also agreed to present the Audit Committee's updated terms of reference reflecting the new responsibilities for the Committee's review. Subject to this review, the document will be submitted to the Executive Board for approval at its December session.

IFAD Ethics Charter

I. Introduction

1. IFAD's mission statement, guiding principles and core values (i.e. focus on results, professionalism, integrity and respect) articulate what the Fund stands for and how staff members shall work with clients, partners and each other. The conduct and actions of IFAD personnel and any third party partnering with IFAD must always be motivated by the highest ethical standards in a manner that respects and fosters each other's rights and the rights of the people IFAD serves.
2. In 2011, IFAD created the Ethics Office (ETH) as a stand-alone unit dedicated to championing and overseeing IFAD's ethics function. ETH has been paramount in promoting and upholding the highest standards of the organization and its Code of Conduct and core values.
3. Since its creation ETH has evolved to align the office with the best practices identified in the United Nations system and other international financial institutions, including alignment with the standards and recommendations for a dedicated and fully effective ethics function established by the United Nations Joint Inspection Unit in 2010 and 2020.
4. Further to its founding role to champion and oversee the ethics function and contribute to the establishment of a culture of ethics in IFAD, in recent years, ETH has been entrusted with functions that advance IFAD's efforts to combat sexual harassment (SH) and sexual exploitation and abuse (SEA) and to oversee IFAD's efforts to combat hate speech, racism and discrimination within the Fund and its operations and activities.
5. To excel in its role, the ethics function shall enjoy the necessary independence. An oversight role by IFAD's governing bodies, through the Audit Committee of the Executive Board (Audit Committee), is considered key to enhancing ETH's independence and the Fund's accountability.

II. Mission

6. ETH's mission is to promote and uphold the organization's highest standard of ethics and conduct and its Code of Conduct and core values by cultivating and nurturing a culture of ethics, integrity and accountability in all IFAD activities and operations that increases trust in IFAD and bolsters its credibility, both internally and externally.

III. Scope of Work

7. In carrying out its mandate, ETH has been entrusted with:
8. Championing the ethics function, managing the organization's comprehensive ethics and anti-harassment programme and overseeing compliance with IFAD's Code of Conduct;
9. Contributing to the establishment of an enduring culture of ethics in the organization and, to this end, spearheading corporate efforts concerning specific ethics-related topics, such as efforts to prevent and respond to all forms of harassment, including sexual harassment (SH) and sexual exploitation and abuse (SEA), and to combat hate speech, racism and discrimination;
10. Developing and disseminating ethical standards and training programmes on core ethics activities. ETH shall make mandatory refresher training courses in ethics available to all staff and non-staff, irrespective of seniority, category and level, to be completed at least every three years;

11. Guiding management and IFAD personnel to ensure that IFAD ethics-related rules, policies, procedures and practices are reinforced and promote the highest standards of ethics and conduct required by the organization;
12. Attending Senior Management meetings on agenda topics related to ETH's work;
13. Advising managers, staff and persons holding a non-staff contract on actions that may constitute an infringement or violation of IFAD's standards of ethics and conduct, as reflected in Human Resources Policy, the Staff Rules and Human Resources Implementing Procedures (HRIP), including IFAD's Code of Conduct and IFAD's core values, by providing confidential advice and guidance on ethics issues – for example, conflicts of interest, outside activities and gifts;
14. Administering the financial disclosure/declaration of interest programme for all staff other than ETH staff;
15. Assisting IFAD managers in the prevention of all forms of misconduct;
16. Developing and updating guidelines for managers and staff to consult on how to deal with allegations of harassment and other forms of misconduct;
17. Receiving and conducting an initial/prima facie review of documentation related to allegations of violations of the Code of Conduct, such as harassment, including SH, while ensuring confidentiality. The purpose of ETH's initial/prima facie review shall be to determine the existence of facts that could potentially support the allegation(s). In such cases, ETH refers the matters to the Office of Audit and Oversight, which is the sole IFAD entity entrusted with investigative functions;
18. Managing the informal resolution procedures¹ for reported allegations of unsatisfactory conduct/misconduct;
19. Administering the organization's policy for protecting staff from retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations (whistleblower protection policy) and receiving complaints of alleged retaliation;
20. Establishing organizational objectives for ethics and compliance with IFAD's Code of Conduct and managing the organization's programme in these areas; and
21. Overseeing the assessment of organizational risk for misconduct and noncompliance with IFAD's Code of Conduct and core values and ad hoc reporting to Senior Management on risks, incidents, ethics-driven initiatives and progress toward programme goals.

IV. Independence

22. Independence of the ethics function is of utmost importance to protect the function from undue influence and pressure. Independence is critical to ensure the unbiased and objective discharge of the responsibilities of the Ethics Office. The ethics function therefore needs to be vested with an adequate level of independence to exercise full discretion over the programme of work and have the authority to initiate, carry out and report on any action considered necessary to fulfil ETH-mandated responsibilities.
23. Furthermore, the independence of the ethics function contributes powerfully towards strengthening organizational integrity, which is considered critical for meeting organizational goals and minimizing risks.
24. Given the preventive and advocacy role of ETH in promoting good practices, IFAD governing bodies recognize the utmost importance of upholding ETH independence by establishing a general oversight role over the ethics function by the Audit

¹ ETH only engages on informal resolutions procedures. ETH may refer formal complaints to the Office of Audit and Oversight.

Committee to strengthen the overview and coordination of compliance efforts and to foster a culture of compliance and accountability.

25. The independence of the ethics functions and the oversight role of the Audit Committee thus leverage a culture of compliance and accountability by promoting the achievement of the ethics function's objectives with high-quality results in a timely and cost-effective manner, and by fully implementing and delivering IFAD's mandate in full compliance with all policies, procedures, regulations, rules, ethical standards and recommended best practices.
26. To ensure appropriate organizational independence and accountability, and the objectivity of the ethics function and to enable ETH to fulfil its responsibilities free from interference, undue influence or pressure, it is recognized that:
 - (a) The Chief, ETH, reports directly, has access, as required, and is accountable to the President.
 - (b) The President approves the ETH workplan and Charter, which is subsequently transmitted unchanged to the Audit Committee for review. Audit Committee proposals are sent to the President for consideration; once finalized, the workplan and Charter are submitted to the Executive Board for review and confirmation.
 - (c) The Audit Committee has general oversight of the ethics function, including regular review of ETH's annual workplan, the adequacy of ETH's resources and the results of ETH's work
 - (d) The Chief, ETH, has informal and formal access to IFAD governing bodies, including subsidiary bodies and their representatives, and may attend meetings on agenda topics related to ETH's work (except those designated as closed sessions or restricted meetings).
 - (e) The Chief, ETH, submits annual reports to the President, which are subsequently transmitted to the Audit Committee and then shared with the Executive Board for information. These reports summarize significant results, including recommendations for improvements and the status of Management action taken or planned in response to reported results. The President and the Audit Committee may add comments to the annual report in a separate document, if necessary. The annual reports shall be publicly disclosed on IFAD's corporate website.
 - (f) The President and the Audit Committee shall ensure that ETH has the necessary staffing and budgetary resources to accomplish its mission and maintain its independence.
 - (g) The Chief, ETH, shall report annually to the Audit Committee, or upon the request of the Chief, ETH, report on the status of ETH's organizational independence and on any interference encountered in carrying out its activities, performing work or communicating results. The Chief, ETH, may on an ad hoc basis communicate directly with the Audit Committee.

V. Chief of Ethics

27. ETH is headed by a Chief of Ethics, a senior professional with sound experience in ethics and related fields.
28. The Chief, ETH, is a dedicated full-time post appointed by the President for a four-year term, renewable once, with ineligibility to be hired by IFAD under any contract at the end of either of the terms.
29. The Chief, ETH, is recruited following IFAD's regular recruitment process, including the presence of an IFAD staff representative on the interview panel.

To enhance the transparency and independence of the process to select and recruit the Chief, ETH, and in compliance with good practices, the President will consult the Audit Committee for their independent advice on the professional qualifications of candidates for the position of Chief, ETH, during the selection and appointment process, and for the renewal, dismissal/removal, or any change to the terms of reference of the Chief, ETH.

30. To facilitate the efficient functioning of ETH, the Chief, ETH, is responsible for:
- (a) Responding to requests for advice and guidance within reasonable timeframes.
 - (b) Maintaining records of the advice and guidance provided.
 - (c) Making available modalities for receiving confidential and anonymous complaints, including a hotline and dedicated e-mail address.
 - (d) Conducting a preliminary review of and documenting complaints expeditiously.
 - (e) Informing the complainant in writing of the outcome of the preliminary review.
 - (f) Recommending interim or protective measures to the President to protect a whistleblower from retaliation.

VI. Confidentiality

31. Complaints received and reviewed by ETH are handled in a strictly confidential manner.

VII. Amendment of the ETH Charter

32. Proposed amendments to this Charter shall be approved by the President and reviewed by the Audit Committee, which may issue proposals for the President's consideration. The finalized Charter shall be approved by the President and submitted to the Executive Board for confirmation.

Amendments to the Terms of Reference of the Audit Committee of the Executive Board

I. Background

1. The Audit Committee is a subsidiary body of the Executive Board, established under Rule 11 of the Rules of Procedure of the Executive Board, to assist the Board in exercising supervision over the Fund's financial administration and internal oversight.
2. Given the recent emergence of global ethical challenges and developments, additional responsibilities have been entrusted to the IFAD Ethics Office (ETH). Considering the sensitivity of the issues managed by ETH, it is critical to safeguard its independence and, thus, during the 168th session of the Audit Committee, it was agreed that a governing body should exercise an oversight role over the IFAD ethics function and that, in principle, reporting to the Board would take place through the Audit Committee.
3. In December 2022, ETH's corporate set-up and mandate were revised to align IFAD's ethics function with international best practices. Amendments included changing the reporting line to the President, codifying the practice of granting informal and formal access to IFAD governing bodies, presenting annual ethics reports to the Executive Board and publicly disclosing such reports. The ETH mandate was updated to include the additional corporate responsibilities in SH/SEA and hate speech, racism and discrimination.
4. To further strengthen the independence of the ethics function and improve IFAD's organizational integrity and risk management, consideration was given to entrusting an IFAD governing/subsidiary body with an oversight role with respect to the ethics function.
5. In line with this change, ETH has reviewed the Terms of Reference and Rules of Procedure of the Audit Committee. The proposed revisions to the terms of reference are presented for the consideration of the Audit Committee. Subject to the Committee members' review, the revisions will be submitted to the Executive Board for approval at its December session.
6. The principal changes in the current versions are underlined and refer to inclusion of the permanent responsibility of the Audit Committee to oversee the ethics function and its activities. To support its oversight role, the Audit Committee is mandated to:
 - Examine all amendments to the Ethics Charter and, if necessary, issue proposals for the President's consideration;
 - Examine the ETH's annual workplan and, if necessary, issue proposals for the President's consideration;
 - Review the adequacy of resources of ETH and the results of its work;
 - Review the overall performance of the ethics function;
 - Provide independent advice to Senior Management on the selection/appointment/renewal, and dismissal/removal, or any change to the terms of reference of the Chief of the ethics function; and
 - Issue recommendations on the ethics function.

II. Proposed amendments to the Terms of Reference of the Audit Committee of the Executive Board

7. Under section 3 on Responsibilities of the Audit Committee, the addition of sub-point(s) as follows:

(n) Conduct general oversight of the ethics function and its activities and report to the Executive Board thereon as applicable. In so doing, the Audit Committee will:

- (i) Examine all amendments to the Ethics Charter and, if necessary, issue proposals for the President's consideration;
- (ii) Examine the Ethics Office's annual workplan and, if necessary, issue proposals for the President's consideration;
- (iii) Review the adequacy of resources of the Ethics Office and the results of its work;
- (iv) Review the overall performance of the ethics function;
- (v) Provide independent advice to Senior Management on the selection/appointment/renewal, and dismissal/removal, or any change to the terms of reference of the Chief of the ethics function; and
- (vi) Issue recommendations on the ethics function.