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Report of the Emoluments Committee

Governing Council — Thirty-second Session
Rome, 18-19 February 2009

For: **Approval**

Note to Governors

This document is submitted for approval by the Governing Council.

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Recommendation for approval

The Governing Council is invited to adopt the draft resolution attached hereto on the emoluments of the President of IFAD.

Report of the Emoluments Committee

I. Introduction

1. The By-laws for the Conduct of the Business of IFAD provides in section 6(1), *inter alia*, "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 that 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 and resolution 121/XXIV at its twenty-fourth session in February 2001. These resolutions provided, *inter alia*, that the Governing Council should re-examine the salary, allowances (including representation allowances) and other entitlements of the President of IFAD prior to the election of the next President through the advice and report provided by the Emoluments Committee established by the Governing Council for that purpose.
4. Given that the present incumbent of the office of the President of IFAD will complete his second and last term of office on 31 March 2009, the Governing Council, by resolution 150/XXXI, re-established the committee to review the emoluments of the President of IFAD, prior to the election of the next President. Having considered document GC 31/L.11 and the Executive Board recommendation thereon, the Council established an Emoluments Committee consisting of nine Governors or their representatives. The Governing Council requested that the Committee submit its report through the Executive Board to the Council's next session.

II. Composition of the Committee

5. The Emoluments Committee is composed of the following members: Italy, the Netherlands, Spain and the United States of America from List A; Indonesia and the Islamic Republic of Iran from List B; and Cameroon, Mexico and Pakistan from List C.
6. The Committee met on three occasions; on 21 April, 7 July and 8 September 2008. At its first meeting, the Committee elected Mr Diego Simancas Gutiérrez of Mexico as its chairperson.

III. Report

7. The Committee reviewed the information provided to it by the Secretariat, pertaining to the current emoluments of the President of IFAD.

A. Salary

8. Having considered this information, the Committee saw merit in continuing to link the salary of the President of IFAD to those of the executive heads of other United Nations specialized agencies. In particular, it concluded that it would be appropriate to continue the established practice of setting the emoluments of the President of IFAD through reference to the major Rome-based United Nations agency, FAO.

B. After-Service Medical Coverage Scheme

9. The Committee also discussed the President's access to the After-Service Medical Coverage Scheme (ASMCS), even though, so far, no President has requested access. One of the eligibility criteria for access to the ASMCS, as stipulated in Section 12.15.1(a)(iii) of IFAD's Human Resources Procedures Manual is that the staff member "has had at least a cumulative period of ten years' participation in BMIP/MMBP and/or similar medical plans in United Nations organizations or its specialized agencies." The maximum term of office of a President of IFAD is eight years (two consecutive terms of four years). Therefore, it would seem that the President, by virtue of the limitation on the maximum tenure of office, would not be able to satisfy this eligibility criteria.
10. The General Counsel of IFAD advised that, in accordance with section 6.1 of the By-laws for the Conduct of the 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", and determined that these provisions apply to the President's right to ASMC. As such, ASMC can only be provided to a President who has served two full terms, i.e. 8 years, even if 10 years of service have not been met.

C. Housing allowance

11. The Committee noted details provided by the Secretariat establishing that FAO and IFAD followed similar practices and coordinated between them, with the result that the allowance of the Director-General of FAO and the President of IFAD had analogous arrangements. Accordingly, this included a housing allowance and arrangements corresponding to the actual rent paid and related expenses, such as service charges (condominium), electricity, gas, heating and one half of telecommunication bills. The President of IFAD personally paid the other half of the telecommunication charges.
12. Information was also given on the practices adopted by other United Nations agencies and international financial institutions, among which the United Nations Secretariat in New York, where an appropriate residence is provided to the executive head. It was proposed that IFAD also adopt this approach, providing the President of IFAD with an appropriate residence, rather than with an allowance, by continuing to pay rent, maintenance and related expenses, such as service charges (condominium), electricity, gas, heating and authorized telecommunication charges.

D. Representation allowance

13. The Committee considered the amount of the representation allowance, which had been fixed at US\$50,000 per annum on a par with FAO. The amount has remained the same since 1994 and has not been adjusted to reflect inflation or currency movements. It was accepted that this allowance continue at the same rate and under the same conditions for the President of IFAD.

Draft resolution

Resolution .../XXXII

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 150/XXXI, adopted by the Governing Council on 14 February 2008, whereby a committee was established to review the overall emoluments and other conditions of employment of the President of IFAD;

Noting and having considered the report of the Emoluments Committee contained in document GC 32/L.10 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 Fund shall make housing arrangements for the President of IFAD and cover all costs relating to rent and related expenses, including service charges (condominium), electricity, gas, heating and authorized telecommunication charges.
3. The representation allowance of US\$50,000 per annum shall continue to be provided.
4. The President shall also 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.
5. The salary, allowances and other entitlements specified in paragraphs 1-3 above shall apply to the person elected as President of IFAD at the thirty-second session of the Governing Council with effect from 1 April 2009 and thereafter.