

Document: GC 40/L.11  
Agenda: 14  
Date: 17 January 2017  
Distribution: Public  
Original: English

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Investing in rural people

## Principles of Conduct for Representatives on the Executive Board of IFAD

### Note to Governors

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Governing Council — Fortieth Session  
Rome, 14-15 February 2017

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For: Information

## Principles of Conduct for Representatives on the Executive Board of IFAD

At its 119<sup>th</sup> session (14-15 December 2016), the Executive Board approved the Principles of Conduct for Representatives on the Executive Board of IFAD (EB 2016/119/R.44, herewith attached).

Document:	<u>EB 2016/119/R.44</u>
Agenda:	<u>24(d)</u>
Date:	<u>16 November 2016</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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## Principles of Conduct for Representatives on the Executive Board of IFAD

### Note to Executive Board representatives

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Executive Board —119<sup>th</sup> Session  
Rome, 14-15 December 2016

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For: Approval

## Recommendation for approval

The Executive Board is invited to approve an amendment to rule 7 of the Rules of Procedure of the Executive Board and the addition of an annex to the said rules, in order to adopt the proposed Principles of Conduct for Representatives on the Executive Board of IFAD.

Furthermore, with respect to the eligibility for employment contracts or other non-staff contracts with IFAD (such as consultancy contracts) of Executive Board representatives, 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.

The Executive Board is also invited to submit the current document, as well as any future changes to the Principles of Conduct, to the Governing Council for information.

## 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 112<sup>th</sup> 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. The code of conduct also applies to the President, including in his/her role as Chairperson of the Executive Board. The code of conduct does not apply to the representatives of Executive Board members and alternate members, who 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)
8. In this context, it is also noted 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 the following language in the Revised IFAD Evaluation Policy: "In the process of recruiting and selecting the IOE Director, search panel members [who are all representatives of Executive Board members and alternate 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".<sup>1</sup> 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.

### III. Proposal

9. Accordingly, it is proposed that the Executive Board of IFAD amend the Rules of Procedures of the Executive Board by adding a third sentence to rule 7 and an annex, as shown below in underlined text:

"Rule 7 Representatives of Members and Alternates

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. The President shall circulate lists of such representatives, from time to time, with such changes as are communicated to him. In interacting with the President and staff, and with other representatives, and in discharging his/her IFAD duties, each representative shall observe appropriate principles of professional ethics and behaviour, and in particular those regarding confidentiality, conflicts of interest and acceptance of gifts, in accordance with international best practices, as set forth in the annex to these rules."

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<sup>1</sup> Paragraph 58(j) of the Revised IFAD Evaluation Policy (EB 2011/102/R.7/Rev.2), as amended at the 111<sup>th</sup> session of the Executive Board.

## Annex

1. Representatives of members and alternate members of IFAD's Executive Board shall observe the principles of professional ethics and behaviour herein below, which are neither all-inclusive nor exhaustive.

### Confidentiality

2. Representatives shall respect the obligation of confidentiality as regards information received in the course of their duties as representatives on IFAD's Executive Board, if, pursuant to the IFAD Policy on Disclosure of Documents (EB 2010/100/R.3/Rev.1, as amended from time to time) or any decision of the Executive Board, such information is not to be disclosed to the public. This obligation shall not limit a representative's right to provide that information to the government(s) that it represents on the Executive Board in accordance with paragraph 2 of schedule 2 of the Agreement. Moreover, this obligation shall not cease upon completion of a representative's functions at IFAD. Representatives shall also show the utmost discretion and integrity in sensitive matters concerning the Fund.

### Conflicts of interest

3. In carrying out their IFAD duties, representatives shall 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.
4. An actual, potential or apparent conflict of interest arises when a representative's personal interests interfere or may be perceived as interfering in any way with the performance of his/her official duties.
5. 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.
6. 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.
7. In order to avoid such circumstances, representatives shall not take 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.
8. 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 and as a matter of good practice, should report it to the government of the Member State which he/she represents and of which he/she is a national. In addition, he/she 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."

9. 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.

Acceptance of gifts

10. Representatives shall exercise tact and judgement in relation to the acceptance of gifts,<sup>2</sup> 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.
11. 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.
12. Any gift that is accepted on the basis of the judgement of a representative 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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<sup>2</sup> Gifts include any tangible goods or services, honour, decoration, remuneration, favours or economic benefits.