

Document: WGG 2015/2/L.2
Agenda: 3
Date: 20 May 2015
Distribution: Public
Original: English

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IFAD's List system

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Ad Hoc Working Group on Governance — Second meeting
Rome, 17 June 2015

For: Information

IFAD's List system

I. Introduction

1. The Ad Hoc Working Group on Governance has been tasked to "[R]eview and assess the governance-related recommendations arising from the Corporate-level evaluation on IFAD replenishments (CLER), particularly with regard to the structure, appropriateness and relevance of the IFAD List system. The group will also review and assess the implications and potential impact on all IFAD governing bodies with regard to any changes to the List system as well as Member State representation."¹
2. At the first meeting of the Working Group, it was agreed that Management would present a document giving the historical context relative to the establishment of the IFAD List system and its development over time.

II. Background to and evolution of the List system at IFAD

A. Establishment of IFAD

3. The makings of the List system were incorporated into the United Nations decisions that led to the establishment of IFAD.
4. Resolution XIII of the World Food Conference (1974) states:
 - "1. An International Fund for Agricultural Development should be established immediately to finance agricultural development projects primarily for food production in the developing countries...
 3. The Fund should be administered by a Governing Board consisting of representatives of contributing developed countries, contributing developing countries, and potential recipient countries, taking into consideration the need for ensuring equitable distribution of representation amongst these three categories and regional balance amongst the potential recipient representations; ..."
5. The resolutions of the World Food Conference were endorsed by the General Assembly (resolution 3348/XXIX) which requested the Secretary-General to convene "a meeting of all interested countries, including the representatives of the contributing developed countries, the contributing developing countries and the potential recipient countries and all interested institutions to work out the details of an International Fund for Agricultural Development"
6. The Agreement Establishing IFAD as originally adopted in June 1976, referred in its article 3, section 3 to the "Classification of Members" as follows:
 - (a) "Original Members shall be classified in one of three categories I, II or III, as set forth in Schedule I to this Agreement. Non-original Members shall be classified by the Governing Council by a two-thirds majority of the total number of votes, with the concurrence of such Members at the time of the approval of their membership.
 - (b) The classification of a Member may be altered by the Governing Council, by a two-thirds majority of the total number of votes, with the concurrence of that Member."

¹ GC 38/L.4/Rev.1.

B. First review of governance issues: Consultation on the Fourth Replenishment of IFAD's Resources

7. Further to the deliberations of the Consultation on the Fourth Replenishment of IFAD's Resources (IFAD4), which raised issues related to the restructuring of the Fund, and the President's Memorandum on a Review of IFAD's Resource Requirements and Related Governance Issues (GC 17/L.7), resolution 80/XVII, adopted by the Governing Council in January 1994, established a Special Committee of the Governing Council on the review of IFAD's resource requirements and related governance issues. The Committee was tasked with presenting a report to the eighteenth session of the Governing Council and the Executive Board was requested to propose amendments, if any, to the Agreement Establishing IFAD. The Committee's aim was to produce outcomes that were category or country group neutral.
8. Among the governance issues to be considered by the Special Committee were the voting rights of Member States and the composition of the Executive Board. In reviewing the voting rights, the Special Committee was to address:
 - The appropriate relationship between contributions and voting rights;
 - Incentives for individual contributions to IFAD by Member States, especially developing countries;
 - The important role of developing countries in IFAD's governance; and
 - The problem of arrears in contribution payments, as well as against drawdown calls.
9. On the question of the composition of the Executive Board, the Special Committee was tasked with examining:
 - The appropriate relationship between voting rights and Executive Board representation; and
 - The degree to which voting rights/contributions should be considered in membership of the Executive Board.
10. The results of the deliberations of the Special Committee can be seen in document GC 18/L.7 and the Executive Board's report in document GC 18/L.10. These documents gave rise to resolution 86/XVIII, which amended the Agreement Establishing IFAD, changing the system of categories and also the procedures for the distribution of seats in the Executive Board. All these amendments came into force and effect with the completion of resolution 87/XVIII on IFAD4 on 20 February 1997.

C. Outcome of the Special Committee on IFAD's Resource Requirements and Related Governance issues

Lists/categories of Member States

11. In resolution 86/XVIII, the Governing Council noted that:

"...Membership is not codified into formal categories in the revised Agreement Establishing IFAD, reflecting the need for flexibility, as country circumstances can be expected to change and evolve over time. However, the Membership continues to work through groupings of like-minded countries for decisions on policy and operational matters, for the purpose of consultation over financial affairs, including fundraising, and for other reasons related to the governance of IFAD, such as membership of governing bodies and committees, thus conserving the inter-relationships that are a special feature of the joint character of IFAD. The formation of such groups will be further negotiated and decided by the various Member countries themselves..."

12. To reflect this flexibility and encourage groupings of “like-minded” countries, article 3, section 3 of the Agreement Establishing IFAD, referred to in paragraph 6 above, was deleted by resolution 86/XVIII and a new schedule II was introduced to, among other arrangements, allow new Members to decide on which List they wish to be placed, and also to decide to withdraw from a list and join another list, as specified in paragraph 3(a) of schedule II reproduced here below:

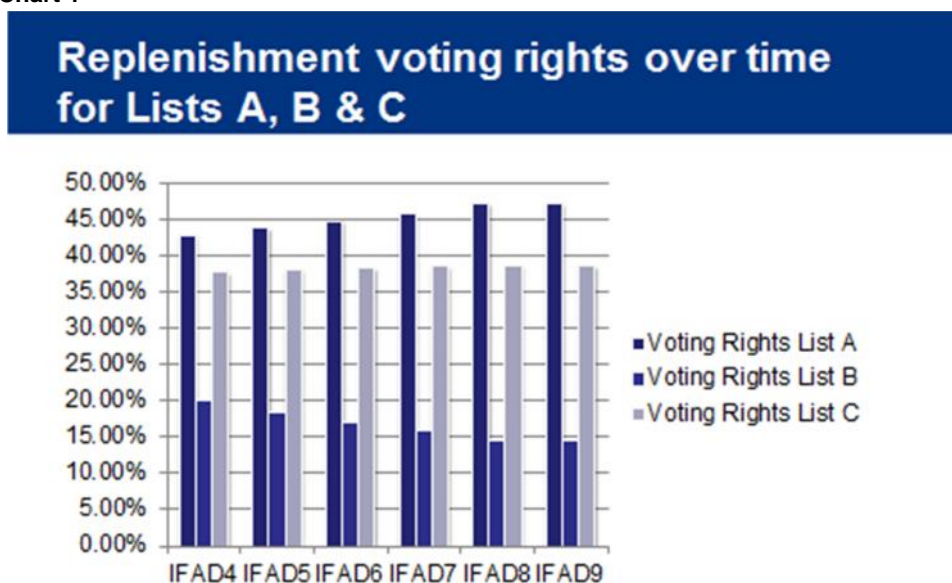
“3. (a) Lists of Member Countries. The Member Countries shall be divided, from time to time, into Lists A, B and C for the purposes of this Schedule. Upon joining the Fund, a new Member shall decide on which List it wishes to be placed and, after consultation with the Members of that List, shall provide appropriate notification thereof to the President of the Fund in writing. A Member may, at the time of each election for the members and alternate members representing the List of Member Countries to which it belongs, decide to withdraw from one List of Member Countries and place itself upon another List of Member Countries, with the approval of the Members therein. In such event, the concerned Member shall inform the President of the Fund in writing of such change, who shall, from time to time, inform all Members of the composition of all the Lists of Member Countries.”

Voting rights²

13. Governing Council resolution 86/XVIII also amended article 6, section 3 of the Agreement Establishing IFAD (“Voting in the Governing Council”) which resulted in the system for the calculation of votes currently in use at IFAD:
- Original votes. Original votes consist of a total of 1,800 votes (originally divided equally among the three categories/lists) made up of membership and contribution votes:
 - **Membership votes.** Membership votes are distributed equally among all members;
 - **Contribution votes.** Contribution votes are distributed among Members in the proportion that each Member’s cumulative paid contributions to the resources of IFAD prior to 26 January 1995 bear to the aggregate of the total contributions.
 - Replenishment votes. These votes are created at each replenishment at a rate of 100 votes for every US\$158 million pledged. The replenishment votes are made up of membership and contribution votes, with contribution votes being distributed in the proportion that each Member’s paid contribution to the resources for the replenishment bears to the aggregate of paid contributions to that replenishment.
14. It is important to note that article 6, section 3 (a)(iii) states that in the distribution of membership votes, the Governing Council shall ensure that those Members classified as members of Category III/List C receive one third of the total votes as membership votes.

² Additional information on IFAD’s vote allocation system is included in the annex.

Chart 1



15. Chart 1 shows the trend in voting rights per List over time. The voting rights of List A have consistently increased over time, while List B voting rights have diminished and List C voting rights have increased marginally.

Composition of the Executive Board

16. The composition of the Executive Board was changed from six members and six alternates from each of the three categories/lists to: eight members and eight alternate members from List A; four members and four alternate members from List B; and six members and six alternate members from List C.³ The change to schedule II, related to the procedures for the election of members and alternate members of the Executive Board, was left to the categories/lists to agree upon and is now set out in parts I, II and III of schedule II of the Agreement Establishing IFAD.
17. Paragraph 3(a) of schedule II states:

“3. (a) Lists of Member Countries. The Member Countries shall be divided, from time to time, into Lists A, B and C for the purposes of this Schedule. Upon joining the Fund, a new Member shall decide on which List it wishes to be placed and, after consultation with the Members of that List, shall provide appropriate notification thereof to the President of the Fund in writing. A Member may, at the time of each election for the members and alternate members representing the List of Member Countries to which it belongs, decide to withdraw from one List of Member Countries and place itself upon another List of Member Countries, with the approval of the Members therein. In such event, the concerned Member shall inform the President of the Fund in writing of such change, who shall, from time to time, inform all Members of the composition of all the Lists of Member Countries.”

18. Amendments to these parts can be made by the Lists themselves in accordance with the stipulations laid down therein. (List A may amend by unanimous decision of the List A Governors; List B may amend by a vote of the Governors representing two thirds of List B Member States whose contributions amount to 70 per cent of the contributions of all List B Member States; and List C may amend by a two thirds majority of List C Member States). The President of the Fund is to be informed of any amendments to the "parts" of this schedule.

³ Paragraph 3(b), schedule II of the Agreement Establishing IFAD ("Distribution of Seats in the Executive Board").

19. It is worth noting that, unlike the other two Lists, List C Countries have formed themselves into sub-lists (Africa: C1; Europe, Asia and the Pacific: C2; Latin America and the Caribbean: C3) and elect from the countries of their sub-List two members and two alternate members to represent the interests of the whole sub-List, including at least one member or one alternate member from among the Member Countries in that sub-List making the highest substantial contributions to the resources of the Fund.⁴
- D. Second review of Governance issues: IFAD7 Consultation (2005)
20. At the second session of the IFAD7 Consultation, members of Lists B and C proposed that several issues be reviewed, including the governance-related issues below:
- “(a) The distribution of votes among members and the respective share of the Lists should be reviewed. This is essential because successive replenishments have skewed the distribution of votes in favour of more affluent countries. Unless this trend – which is a natural consequence of the existing system of vote allocation – is checked, developing countries will get increasingly marginalized.
- (b) The representation of developing countries on the Executive Board must be expanded. Governance structures of IFAD must reflect the unique characteristics of the institution. Representation of developing countries must be based not only on the fact that they are significant donors – some of them contribute more than members of List A – but because they speak for IFAD’s target groups. There should be opportunities of Executive Board membership for marginalized countries and for re-inclusion of excluded countries.”
21. At its fourth session the Consultation agreed that a working group should convene to consider the proposals of List B and C, as well as the role and effectiveness of the Executive Board, and report back to the December session of the replenishment consultations. This working group proposed the establishment of an ad hoc committee of the Executive Board. This proposal was approved by the Governing Council and the Ad Hoc Committee was duly established by the Executive Board in April 2006.
- E. Outcome of the review by the Ad Hoc Committee to Review Member States’ Voting Rights and the Role, Effectiveness and Membership of the Executive Board
- Voting rights
22. Although no agreement was reached by the Ad Hoc Committee, the following alternatives were identified for possible examination in the future.
- (a) A mechanism whereby new contributions would count more than old contributions.
- (b) The applicability of a system of dual voting similar to the European Union model.
- (c) Abolishing the Lists and adopting a system of voting constituencies, as at the World Bank.
- (d) Greater recognition of the voice and participation of countries with no or little ability to make contributions.

⁴ Part III of schedule II of the Agreement Establishing IFAD (“List C Member Countries”).

Voice and seats on the EB

23. Several options were discussed:
 - (a) Increasing the total number of seats from 36 to 44;
 - (b) Leaving the number of seats unchanged;
 - (c) Reducing the membership of the Board, for instance by limiting the role of alternates; and
 - (d) Redistributing seats among Lists.
24. However, no agreement was reached by the Ad Hoc Committee. List A members did not support increasing the size of the Board, and thus the proposals of Lists B and C were not supported by List A.
25. The Ad Hoc Committee also considered and made recommendations with respect to:
 - (a) The role of observers and other Member States on the Board;
 - (b) The interface between President/Secretariat and the Executive Board;
 - (c) Board effectiveness;
 - (d) Subsidiary bodies of the Board; and
 - (e) Establishment of a code of conduct for Board representatives.
26. The Ad Hoc Committee presented its final report to the Executive Board in December 2006 (EB 2006/89/R.46). The Board took note of the report and the recommendation on the purpose and procedures of meetings of Convenors and Friends contained therein was endorsed. It was agreed that more time was required to allow for adequate consideration of the report. This would be discussed by the Convenors and Friends, to agree on a future process to consider these issues.
27. In April 2007, the Board considered the report of the Ad Hoc Committee for a second time. However, consensus was not reached, as reflected in the minutes of the session (EB 2007/90/Rev.1):

“The Convenor of List C, on behalf of that list, and some members of List B proposed that the Ad Hoc Committee be revitalized. Members of List A were not of the same opinion and suggested that the Convenors and Friends could be used as a forum to decide on the process for moving forward.

The Convenor of List C, on behalf of that list, and two List B countries informed the Board that they could not consider the discussion of IFAD governance issues at the informal forum of Convenors and Friends and expressed their disappointment that, in their view, a commitment made under the Seventh Replenishment on these governance issues had not been fulfilled.”

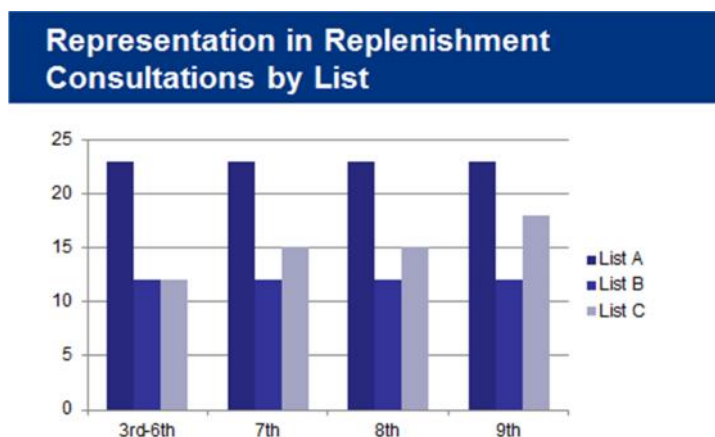
III. Establishment of IFAD9 (2010)

28. Historically, replenishment consultation compositions have included all members of Lists A and B and a specific number of List C Member States (IFAD3-6, 12; IFAD7-8, 15; IFAD9-10, 18).
29. At the time of the establishment of IFAD9, List C made a proposal that the number of seats assigned to it be raised to 21 based on the following considerations:
 - (i) since the creation of the Fund, List C membership had been increasing while the number for List A and B had remained quasi stagnant;
 - (ii) List C constituency at the time accounted for about two thirds of the entire IFAD Membership, but was still not proportionately and adequately represented in the governing bodies of IFAD;
 - (iii) List C has substantially increased its contribution level with regard to

successive replenishments, thus reaffirming its commitment to the institution; (iv) through loan repayments, List C members, as the main borrowers, contributed a higher proportion of resources towards the capital formation of IFAD; (v) the growing gap between List C membership and its representation in the governing bodies made communication, coordination and reporting among its members very difficult.

30. The Board considered this proposal and reached a majority compromise solution after prolonged consultation among the three Lists to raise the participation of members of List C to 18. This compromise solution was reached with the understanding that there would not be observer Member States. It was on that basis that the Governing Council, in resolution 160/XXXIV, approved the Establishment of the Consultation on the Ninth Replenishment of IFAD Resources.
31. The representatives for Nigeria and the United Kingdom reminded the Board of the agreement – reached among the Lists during side negotiations – that the increase in membership agreed to would be non-repeatable. This was not agreed to by List C.

Chart 2



32. Chart 2 shows the composition of IFAD replenishment consultations over time. Membership in the replenishment consultation has remained largely unchanged. All Member States from Lists A and B are members of replenishment consultations, while there has been a gradual increase in List C participation, with 12 List C countries invited to participate in IFAD3, IFAD4, IFAD5 and IFAD6. At IFAD7, this number increased to 15, and for IFAD9 there was another increase, bringing List C membership of the replenishment consultation to 18.

IV. Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE)

33. The CLEE (EB 2013/108/R.3/Rev.1) considered and made recommendations on a number of issues related to IFAD's governance structure, including a proposal for the review of the relevance of the List system. In this regard, some excerpts from the CLEE are reproduced below.

Paragraph

"121. This concerns the classification of IFAD Member States into three Lists (A, B and C). This is a fundamental question, as the List system has far-reaching implications for governance, voice and representation, and therefore effectiveness and efficiency of the entire Governing Bodies architecture of IFAD. The List system (or Categories I, II and III as they were previously

called) was appropriate when IFAD was established. However, it might be worth considering if the List system is still relevant in today's global context, especially in light of the economic, developmental and geopolitical evolution of IFAD Member States over the years. The evaluation has not dwelt on this extensively, but it is a topic that has efficiency implications and will need to be addressed in the future."

"Appendix I

163. One of IFAD's strengths is that the constituent elements of its Governing Bodies, particularly of the Board, do not feel underrepresented. One does not hear of dissatisfaction with "voice" or representativeness of the Board (and its committees) or with voting power. Aside from a small basic vote, voting power is based on cumulative contributions to the replenishments. On the occasion of replenishments, Member States are free to decide on the size of their contributions. The division of the membership into A, B and C Lists ensures that the three groupings (roughly OECD, OPEC and developing countries) which constituted IFAD from the start are always represented in meetings. The role of constituencies in the A and B Lists is complementary to the List system and consists in regulating alternation between members and alternates or temporary absence from the Board. In the C List, three sub-Lists fulfil a similar role. At the same time, it should be noted that the List structure has entailed a rigidity in Board (and committee) representation by allocating a fixed number of chairs to each List. This would not be a problem if the relative contributions of the Lists to replenishments had remained steady. However, the contribution of the B List has declined severely over time and that of the C List has strongly increased. While perhaps not of acute urgency, this issue should not be neglected."

V. Corporate-level evaluation on IFAD replenishments

34. The Corporate-level evaluation on IFAD replenishments (EB 2014/111/R.3/Rev.1) was considered by the Executive Board at its 111th session in April 2014, and by the IFAD10 Consultation at its second session in June 2014. The following governance-related recommendations were put forward in the evaluation:

"Beyond IFAD10

29. The List system should be re-examined to reflect changes in the international architecture, building on experience with the existing system of Friends and Convenors to ensure that what works well is maintained.
30. A review of the MTR should be conducted to determine the appropriateness of the timing (and the possibility of a longer replenishment period), the scope (including the possibility of presenting a completion report of the previous replenishment), the time allocated, and the documentation (including how IOE could support the MTR's objectives more effectively).
31. Close collaboration should be established with the International Development Association and the African Development Bank to consider how best to assess the implications of a longer replenishment period. Their pros and cons may be different that those of IFAD, but an exchange on methodology would be useful. Such a study could possibly be conducted within the auspices of the Comprehensive Evaluation Platform for Knowledge Exchange.
32. Monitoring of global financial trends is essential but not sufficient to position IFAD to benefit from positive trends and counter negative ones; greater effort must also be made to engage with strategically important

groups of Member States and potential new financing partners. A “stop-go” approach should be avoided and replaced by a continuous engagement strategy, in particular with countries indicating interest in providing replenishment contributions.

33. It is also recommended that the implications of the ARM [additional resource mobilization] initiative be reviewed and analysed in terms of Management approach to ensure appropriate oversight and the funding of only activities that are within IFAD’s strategic framework and that have a minimum quality.
34. The membership should consider initiating an informal dialogue on burden-sharing among Lists, including a discussion of the link between replenishment participation and financial contribution.”

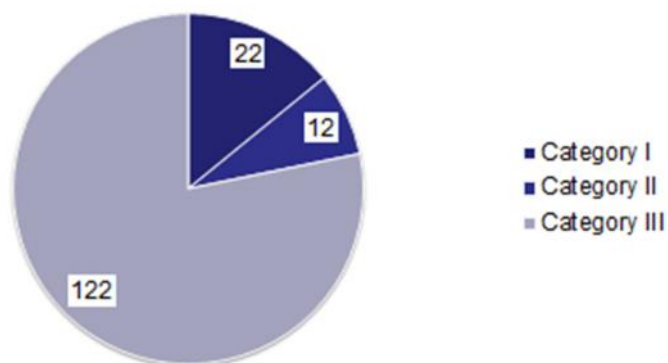
VI. Comparative data and observations

A. Categories and Lists

35. Chart 3 shows the distribution of members by category at the time of adoption of resolution 86/XVIII. As at the end of January 1995, there were 156 Member States in Categories I, II and III: with 22 countries, or 14 per cent, in Category I (List A); 12 countries, or 7 per cent, in Category II (List B); and 122 countries, or 78 per cent, in Category III (List C).

Chart 3

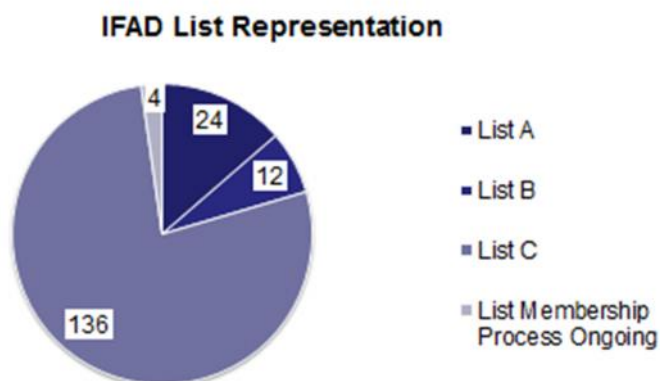
Distribution of Members by Category as at 26 January 1995



36. Chart 4 shows the distribution of Members by List as at 17 February 2015. IFAD now has 176 Member States, divided among the Lists as follows: 24 countries, or 14 per cent, in List A; 12 countries, or 7 per cent, in List B; 136 countries, or 77 per cent, in List C; and 4 countries, or 2 per cent, for whom List membership is currently pending.
37. In practice, Category I became List A, Category II: List B, and Category III: List C.

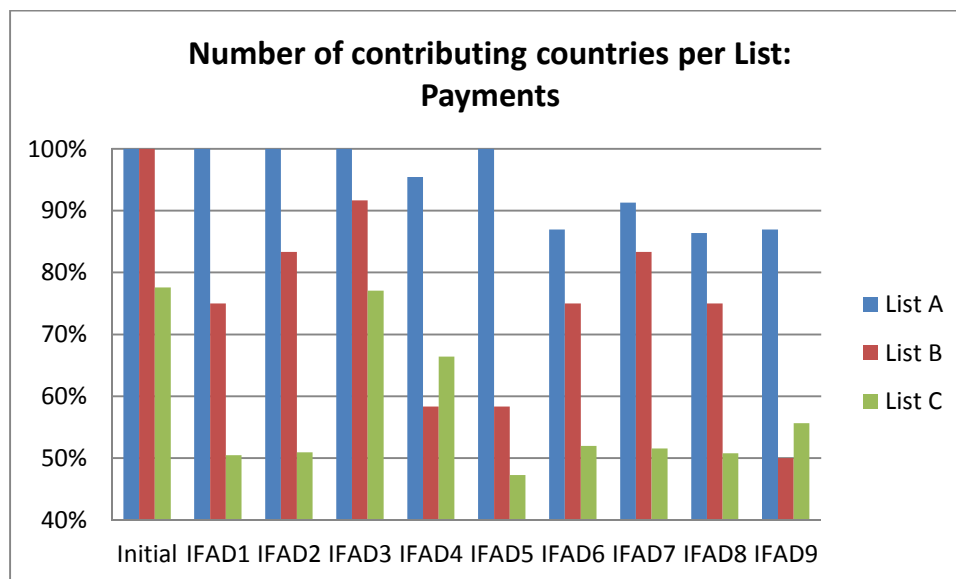
Chart 4

IFAD List membership in 2015



38. Chart 5 shows the percentage of contributing countries per List from the initial replenishment to IFAD9.

Chart 5



39. The peak in the number of contributing countries from List C (then Category III) and the contributions by List C countries (then Category III) to IFAD3 may be attributed to the following, as reported in resolution 56/XII:

“Attachment C to this resolution indicates the pledges in freely convertible currencies of supplementary contributions of Category III which currently total [US]\$52,976,000 and matching pledges of supplementary contributions for Category I as set forth in Attachment A which currently total [US]\$158,928,000. To the extent that the current supplementary contributions of Category III as shown in attachment C are increased up to a level of [US]\$75,000,000 not later than 15 September 1989, Category I has agreed to increase its supplementary contributions in the proportion of 3:1 to Category III contributions, the objective being to supplement the level of Replenishment referred to in paragraph 2(b) of this resolution... .”

40. Charts 6, 7 and 8 show the amount of core contributions (pledges and payments, excluding complementary contributions) per List from the initial replenishment to IFAD9.

Chart 6 - LIST A

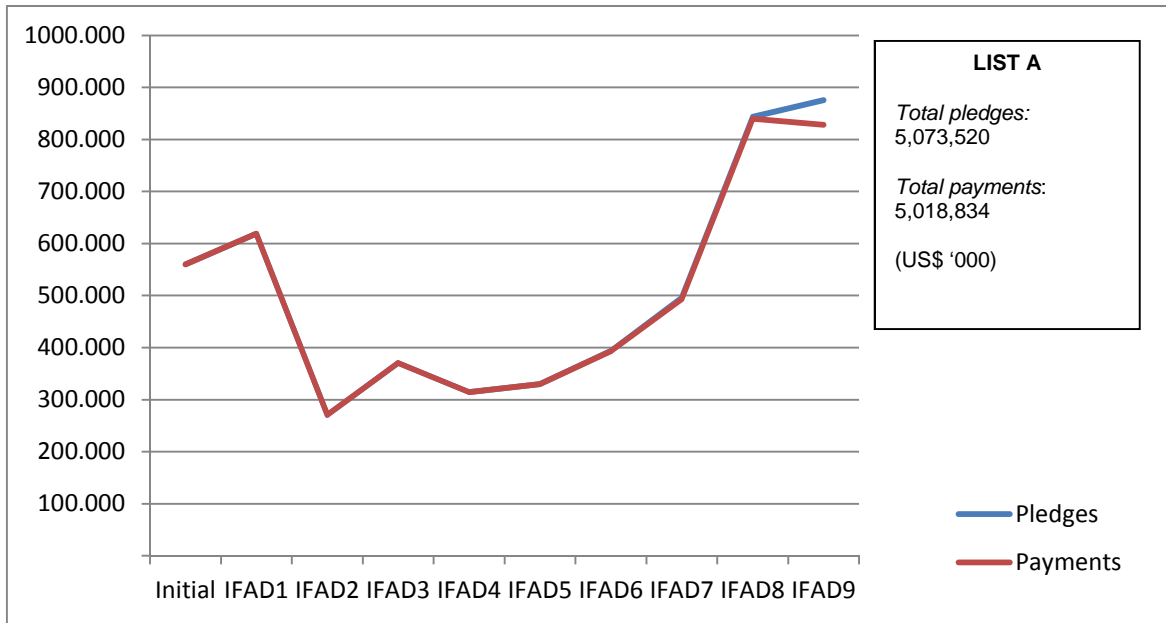


Chart 7 - LIST B

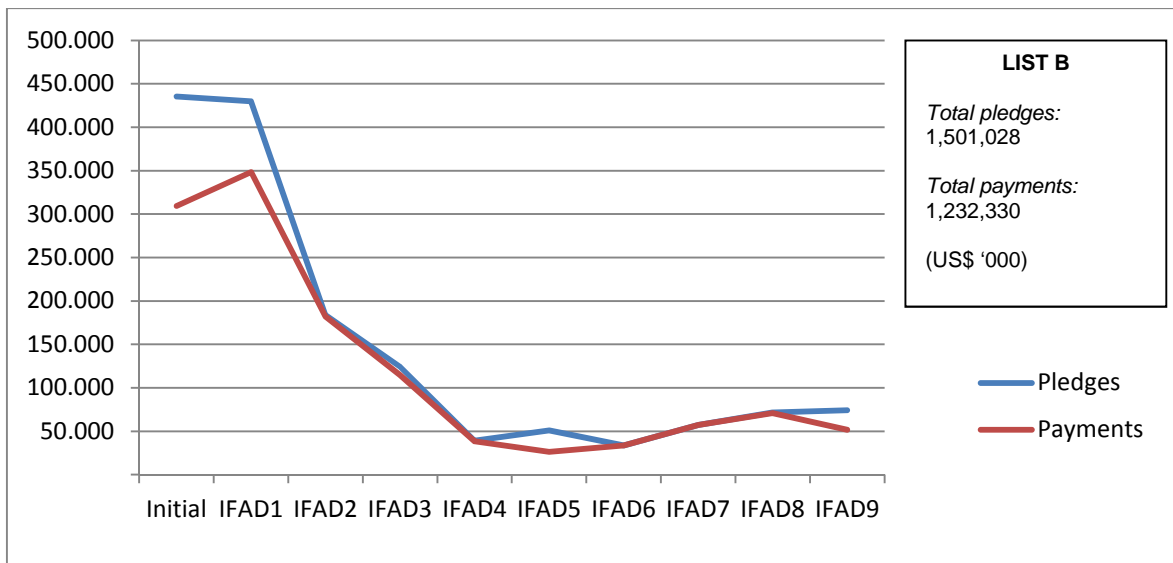
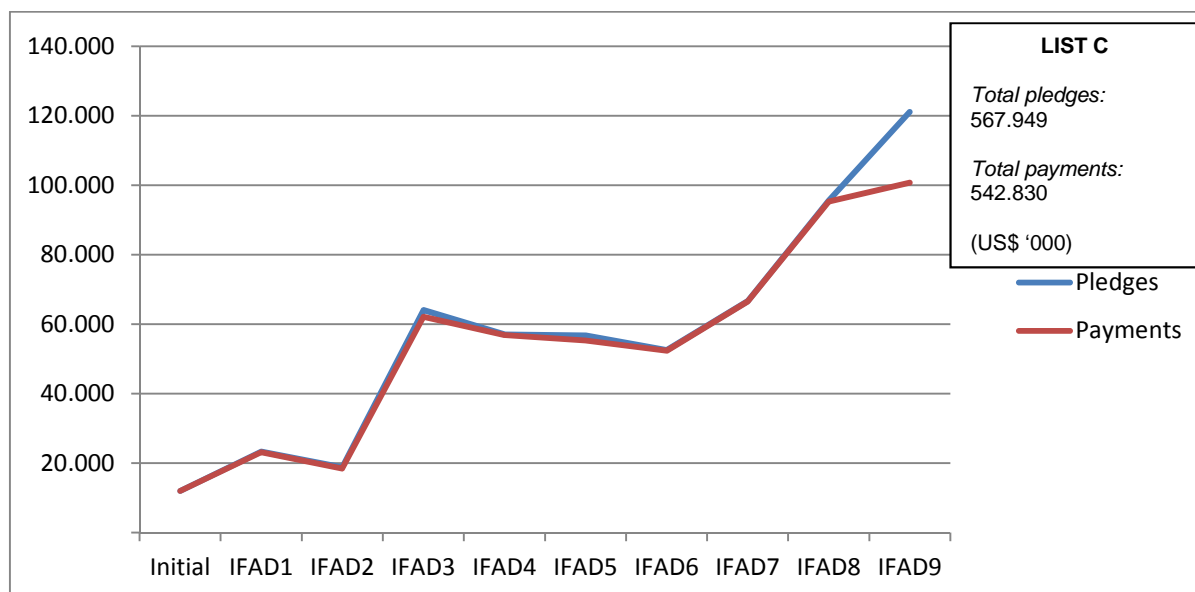


Chart 8 - LIST C



B. Constituencies

41. As outlined in paragraphs 17 to 19 above, Member States are divided into Lists A, B and C for the purposes of distribution of votes and election of Executive Board members, as per schedule II of the Agreement Establishing IFAD.
42. List A is divided into eight constituencies and List B in four constituencies. For List C, membership is divided into three sub-lists (C1: Africa; C2: Europe, Asia and the Pacific; C3: Latin America and the Caribbean). Two Board members are elected from each sub-List, and each one represents 50 per cent of the membership of the sub-List to which she/he pertains.
43. Paragraphs 14(a) and 24 of schedule II state:

“14.(a) In accordance with the provisions contained in paragraphs 1 and 27 of this Schedule, the Member Countries of List C shall elect from the countries of its sub-List two members and two alternate members to represent the interests of the whole of the said sub-List, including at least one member or one alternate member from among the Member Countries in that sub-List making the highest substantial contributions to the resources of the Fund.

Casting of votes in the Executive Board

24. For the purpose of casting votes in the Executive Board, the total number of votes of the countries of each sub-List shall be divided equally between the members of the sub-List concerned.”

Chart 9

IFAD Constituencies Details

	Member	Alternate/(Constituencies)	
LIST A	Canada	Ireland / (Finland)	
	France	Belgium / (Estonia) (Hungary)	
	Germany	Switzerland / (Luxembourg)	
	Italy	Austria / (Greece) (Portugal)	
	Japan	Denmark / (New Zealand)	
	Netherlands	United Kingdom	
	Sweden	Norway / (Iceland)	
	United States	Spain	
LIST B	Kuwait	United Arab Emirates	
	Nigeria	Qatar / (Iran) (Libya)	
	Saudi Arabia	Indonesia / (Gabon)	
	Venezuela, Bolivarian Republic of	Algeria / (Iraq)	
LIST C	C1	Angola	Kenya / (ref. Africa Regional Group) ¹
		Liberia	Egypt / (ref. Africa Regional Group) ¹
	C2	China	Pakistan / (ref. Europe, Asia and the Pacific Regional Group) ²
		India	Republic of Korea / (ref. Europe, Asia and the Pacific Regional Group) ²
	C3	Brazil	Argentina / (ref. Latin America and the Caribbean Regional Group) ³
		Mexico	Dominican Republic / (ref. Latin America and the Caribbean Regional Group) ³

¹ No official constituency, Angola and Liberia representing all countries in Africa Regional Group.

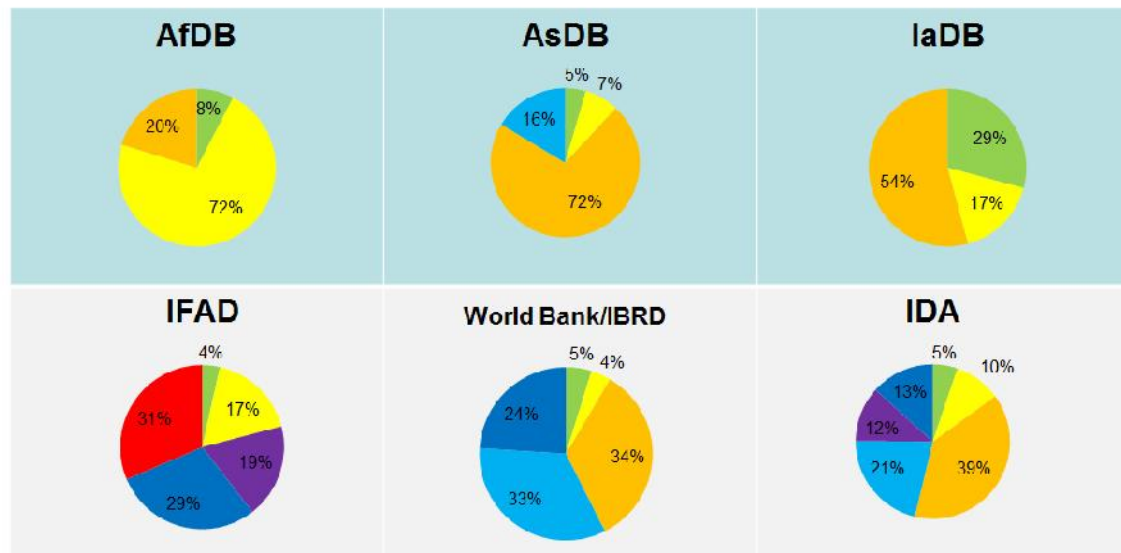
² No official constituency, China and India representing all countries in Europe, Asia and the Pacific Regional Group.

³ No official constituency, Brazil and Mexico representing all countries in Latin America and the Caribbean Regional Group.

44. List A and List B Member State representatives on IFAD's Executive Board currently represent constituencies of a minimum of two and a maximum of four countries.
45. For List C Member States, the Board members of sub-Lists C1, C2 and C3 currently each represent 50 per cent of all countries of their regional groups. The composition of these regional groups goes from 32 to 54 countries, thus each sub-List member represents a minimum of 16 to a maximum of 27 countries.
46. In comparing this information with other international financial institutions (IFIs), it can be noted that the number of constituencies and distribution of their membership in the constituencies vary significantly between regional IFIs and multilateral IFIs.
47. This comparison was undertaken through a review of three regional IFIs:
 - African Development Bank (AfDB)
 - Asian Development Bank (ADB)
 - Inter-American Development Bank (IDB)
 and three multilateral IFIs:
 - World Bank
 - International Bank for Reconstruction and Development (IBRD)
 - International Development Association (IDA).

Chart 10

Comparison with other IFIs constituencies



Legend:

Nr of Countries in Constituency	
(1-2)	Green
(3-5)	Yellow
(6-10)	Orange
(11-15)	Light Blue
(16-20)	Purple
(21-25)	Dark Blue
(26-30)	Red

48. The graphs in Chart 10 demonstrate that:

- Among regional IFIs, the majority (if not the totality) of members are represented in constituencies composed of a maximum of 10 countries (shown in green, yellow and orange);
- Among multilateral IFIs, the majority of members are represented in constituencies composed of a maximum of 15 countries (shown in orange and light blue); and
- IFAD is the only IFI for which the majority of its membership is represented in constituencies or groupings composed of a minimum of 16 and a maximum of 27 countries (shown in purple, dark blue and red).

Chart 11

Comparison with other IFIs Details

Acronym	Nr. of Member States	Nr. of Constituencies	Av. %	min	max	Constituencies Details																								
						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
AfDB	79	21	27%	1	7	1	1	2	2	3	3	3	3	3	3	3	3	4	4	5	5	5	5	5	7	9				
AsDB	67	12	18%	1	11	1	1	1	5	6	6	7	7	7	7	8	11													
IsDB	48	14	29%	1	7	1	1	2	2	2	2	2	2	3	5	6	6	7	7											
IFAD	176	18	10%	2	27	2	2	2	3	3	3	3	3	3	4	4	4	4	16	16	25	25	27	27						
WB/IBRD	188	25	13%	1	23	1	1	1	1	1	1	1	2	3	4	4	4	4	6	7	7	8	8	9	9	10				
IDA	173	25	14%	1	20	1	1	1	1	1	1	1	2	3	4	5	5	7	7	8	8	8	9	10	10	11				

IFAD Constituencies Distribution by List																			
List A				List B				List C			*	Total IFAD Member States							
								C1	C2	C3									
2	2	3	3	3	3	4	4	2	3	3	4	25	25	27	27	16	16	4	176

Legend:

Nr of Countries in Constituency
(1-2)
(3-5)
(6-10)
(11-15)
(16-20)
(21-25)
(26-30)

* IFAD Member States with List Membership Process Ongoing and for which IFAD has not received info as to their Constituency.

49. Chart 11 shows the number of constituencies and demonstrates the following:
- Regional IFIs have between 12 and 21 constituencies, but with an average constituency representation of the IFI membership from 18 per cent to 29 per cent;
 - Multilateral IFIs have 25 constituencies, with an average constituency representation of the IFI membership from 13 per cent to 14 per cent; and
 - IFAD has 18 constituencies with an average constituency representation of the IFAD membership of 10 per cent.
50. Chart 11 also shows the number of countries in a constituency, and demonstrates the following:
- Regional IFIs range from having a minimum of 1 country to a maximum of 11 countries in a constituency;
 - Multilateral IFIs range from having a minimum of 1 country to a maximum of 23 countries in a constituency; and
 - IFAD ranges from having a minimum of 2 countries to a maximum of 27 countries in a constituency.
51. From a comparison of the above number of constituencies and the number of countries represented in a constituency with their frequency or distribution for all IFIs, it appears that:
- Regional IFIs have a more balanced distribution of countries among all their constituencies with a very limited number of constituencies representing only one country (from 2 to 3) and a limited number of constituencies representing more than 10 countries, if none.
 - In multilateral IFIs, membership is divided into a large number of constituencies with different numbers of countries represented, ranging from a significant number of constituencies representing 1 country (7) and a very limited number of constituencies representing more than 20 countries (only 2).

- IFAD has a limited number of constituencies compared with other IFIs with similar membership numbers; the division of countries represented among the different Lists and sub-Lists is not balanced.

52. IFAD constituency distribution by List and sub-Lists

- List A and List B have the same country distribution in their constituencies: 25 per cent in constituencies of two countries, 50 per cent in constituencies of three countries and 25 per cent in constituencies of four countries.
- List C has no official constituencies but large groupings of regional countries divided 50 per cent among each Board member. Smallest constituencies would be the two groupings of 16 countries (sub-List C3) and biggest constituency would be the two groupings of 27 countries (sub-List C2).

IFAD's vote allocation system⁵

From 30 November 1977 to 19 February 1997

1. IFAD commenced operations on 30 November 1977. Prior to the amendment in 1997 of the Agreement Establishing IFAD, article 6, section 3, stipulated that "The total number of votes in the Governing Council shall be 1,800, distributed equally among Categories I, II and III. The votes of each Category shall be distributed among its members in accordance with the formula set out for that Category in Schedule II, which forms an integral part of this Agreement." According to schedule II of the Agreement (prior to amendment), each category had 600 votes which were divided among individual Members as follows:
 - (a) Category I: 17.5 per cent or 105 "fixed votes" were distributed equally among Members and the remaining 495 votes were distributed in proportion to the Members' respective share of total Category I contributions to the Initial Resources and the First, Second and Third Replenishments together.
 - (b) Category II: 25 per cent or 150 "fixed votes" were distributed equally among Members and the remaining 450 votes were distributed according to contributions as above.
 - (c) Category III: 600 votes were distributed equally among Category III Members.
2. For the purpose of distributing votes on the basis of Members' contributions as a percentage of the total category contributions, contributions were defined as payments in cash or in promissory notes. Pledges and instruments of contribution were not used for these calculations except to the extent that actual payments of contributions had been made. However, some Members had made payments in promissory notes but had not been able to encash a part or all of their promissory notes when a drawdown had been called. For any Member in arrears on encashing promissory notes for 24 months or longer, the financial statements of IFAD included an accounting provision against that amount. Whenever an accounting provision was made against a contribution, the number of votes of that Member was reduced in the same proportion as the unpaid amount of the Member's promissory note to the total category contribution. Votes thus reduced for a particular Member were distributed among all other Members of the same category in proportion to their valid cash and promissory note contributions.
3. Therefore, until 19 February 1997, the voting shares of the categories were calculated without regard to contributions and were as follows:

Category I:	33.3 per cent (600 votes)
Category II:	33.3 per cent (600 votes)
Category III:	33.3 per cent (600 votes)

From 20 February 1997 to date

4. During the negotiations for IFAD4, it was decided – pursuant to Governing Council resolution 80/XVII – that a Special Committee on IFAD's Resource Requirements and Related Governance Issues would be established, to meet during the course of 1994. The terms of reference of the Special Committee were to review:
 - (a) The modalities of financing IFAD's operations;
 - (b) The voting rights of Member States; and
 - (c) The composition of the Executive Board.

⁵ Based on Repl. VII/2/R.6.

5. In particular, the Special Committee agreed on a set of working principles:
- “(i) there should be a link between individual contributions and voting rights so as to provide an incentive to all Member Countries to increase their contributions to IFAD’s resources;
 - (ii) the total votes should be divided into two parts: membership votes, which would be distributed equally among Members, irrespective of the level of their contributions; and contribution votes, which would be distributed in accordance with cumulative payment of contributions;
 - (iii) all Member Countries of IFAD should have equal access to both membership and contribution votes;
 - (iv) the important role of developing countries in the governance of IFAD should be preserved. This is to be done by dividing the total votes between membership and contribution votes in such a way as to ensure that those Members of the current Category III always receive one third of the total votes as membership votes;
 - (v) to create sufficient incentive, it was agreed by the Members that there has to be a balance between the weight given to past and future contributions;
 - (vi) the application of these principles would produce outcomes that are category or country-group neutral; and
 - (vii) on the question of arrears in making payments against contributions, for the purpose of calculating voting rights, Members’ contributions should continue to be adjusted to take into account the non-payment of contributions and non-payment against drawdown calls of the promissory notes.”⁶
6. On the issue of the voting rights of Member States, specifically the applicable relationship between Members’ contributions and voting rights, the Special Committee, after considering a large number of voting scenarios, recommended in its report to the Governing Council that:
- “(i) the initial position of all Members’ current 1,800 votes would be that all Members receive five membership votes and the remaining votes be distributed according to Members’ paid cumulative contribution in convertible currencies; and
 - (ii) for future replenishments, beginning with the Fourth Replenishment, additional votes will be created at the rate of 100 votes for each US\$158 million of replenishment or a fraction thereof. The total additional votes created will be divided between membership and contribution votes in such a way as to ensure that those Members of the current Category III receive one third of total votes as membership votes with each membership vote being equal for all countries.”⁷
7. At its eighteenth session in January 1995, the Governing Council adopted resolution 86/XVIII approving the recommendations of the Special Committee and amending the Agreement Establishing IFAD and other basic legal texts. In particular, article 6, section 3, and schedule II of the Agreement were amended to fully reflect the new voting system. The amendments entered into force and effect on 20 February 1997 with the fulfilment of the pending conditions (“completion”) of the Fourth Replenishment resolution.
8. The impact that these changes had on IFAD’s vote allocation system is discussed below.

⁶ Report and Recommendations of the Special Committee on IFAD’s Resource Requirements and Related Governance Issues, document GC 18/L.7, 14 December 1994, paragraph 5.

⁷ Ibid., paragraph 11.

9. First, the existing 1,800 original votes were divided into membership and contribution votes, in accordance with the following principles:
 - Each Member State was allocated an equal amount of individual membership votes, the number of which was calculated to ensure that developing countries (List C) held at least one third of the total vote.
 - Contribution votes were allocated according to the cumulative paid contributions in convertible currencies starting from IFAD's Initial Resources up to the Third Replenishment. Some countries made pledges in non-convertible currencies to the Initial Resources and the First and Second Replenishments, but it was decided not to include these contributions when allocating votes.
10. At each new Replenishment, from IFAD4 onwards, new votes (replenishment votes) were created. The number of votes created is calculated based on the amount pledged in core contributions to the replenishment in question on the date specified in each respective replenishment resolution. This date is usually set in the resolution at six months after its adoption by the Governing Council. Initial, complementary, or special contributions are excluded from the total amount pledged as these types of contributions do not create nor accrue votes.
11. For example, for each US\$1.58 million pledged in core contributions, one replenishment vote is created. As the number of votes created for each replenishment is based on the pledges as at a fixed date, this total number remains fixed and will not change.
12. IFAD9 provides an example of this method in practice.

Methodology for creating new votes

- Taking IFAD9 as an example, with pledges received amounting to US\$1,045.755 million on the cut-off date, six months after the adoption of the resolution and applying the formula to create votes as follows:
 - $\text{US\$1,045.755 million pledges} / \text{US\$1.58 million price of vote} =$
661.870 total new votes created
- To divide the total new votes created, between membership and contribution votes, we apply the formula:
 - $661.870 / 3 = 220.623$ (one third of total votes for List C)
 - $220.623 / 133^1$ List C Members = 1.659¹ individual membership votes allocated to each Member of IFAD
 - $1.659^1 * 168^1$ Members of IFAD = 278.682 total membership votes created under IFAD9
 - 661.870 total votes minus 278.682 membership votes = 383.188 contribution votes

¹ at the time of creation of these votes

13. The first step in creating new votes is to divide the total pledges received as additional core contributions on the cut-off date by the price of a vote. This provides the total number of new replenishment votes.

14. This total is then divided between membership and contribution votes, in such a way as to ensure that List C receives one third of this total as its membership votes.
15. To do this, the total is divided by three, which in this example is 220.623. These 220.623 votes represent one third of the overall votes that are to be allocated to List C as membership votes.
16. In order to calculate the amount of membership votes to be assigned to each individual country, one third (220.623) is divided by the number of Member States in List C (i.e. 133 as at 22 August 2012). This results in individual membership votes of 1.659.
17. In order to ensure equality in the system, all Member States are allocated the same amount of individual membership votes. In this example, IFAD had 168 Members at the time of the creation of the votes, hence, a total of 278.682 membership votes were distributed.
18. These resulting 278.682 votes are subtracted from the overall total of votes for the replenishment (in this case 661.870) and the resulting amount represents the contribution votes to be distributed to Member States in accordance with their payments. In this example, the result was 383.188 contribution votes.
19. These votes are created, become effective and are allocated as at the date specified in the replenishment resolution – six months after the adoption of the resolution – in this case 22 August 2012.
20. Once the votes have been created and divided between membership votes and contribution votes, their number is fixed. Votes cannot be converted from contribution to membership votes or vice versa. Nor can new votes be created, for example, when a new Member joins the Fund. In such a case, the existing membership votes are redistributed among all Member States, ensuring that each Member has an equal share of membership votes.
21. Pledges of core contributions received after the cut-off date do not result in the creation of new contribution votes. Member States that pledge and pay after that date are entitled to a share of the contribution votes already created.
22. Since 22 August 2012, IFAD has welcomed eight new Member States, bringing the total membership to 176. Membership votes were, therefore, redistributed to ensure equal individual membership votes for all Members. The result is that each individual IFAD9 membership vote is now equal to 1.583.