LIST SYSTEM

PRESENTATION TO
THE AD HOC WORKING GROUP ON GOVERNANCE

15 December 2015

Emmanuel Maurice
The List system has been described as having “far-reaching implications for governance, voice and representation”. In 2013, CLEE questioned whether it was “still relevant in today's global context”. The Working Group on Governance has been charged with reviewing and assessing the structure, appropriateness and relevance of the IFAD List system.

- Main features
- Representation
- Replenishment voice and votes
- Evolution
- Comparator Institutions
- Need for change?
- Re-balancing representation
- Enhancing voice opportunities
- Incentivising contributions
- Conclusion
The List System consists in a division of IFAD’s shareholders in **three distinct groups**: Lists A, B and C. Currently:

- List A has **25** Members,
- List B has **12** Members and
- List C has **139** Members.

List C is subdivided into 3 Sub-lists:

- Sub-list C1: **Africa**
- Sub-list C2: **Europe, Asia and Pacific**
- Sub-list C3: **Latin America and the Caribbean**

A **new Member decides on which List** it wishes to be placed and, after **consultation** with the Members of that List, gives notice of its choice to the President.

A Member may **withdraw from a List and join another List** (subject to **approval** of the Members of that List), at the time of elections for the Board.

The List System has **three applications**: representation, voice and votes.
The List System is used to allocate the 18 Board member seats and the 18 Board alternate member seats between the three Lists and three Sub-lists as follows:
- List A: 8 members and 8 alternate members
- List B: 4 members and 4 alternate members
- Sub-lists C1, C2 & C3: 2 members and 2 alternate members each

Board members and alternate members of each of the Lists A, B and C are elected by the Members of the relevant List.

For Sub-lists C1, C2 and C3, at least one Board member and one Board alternate member must be from among the Members in that Sub-list making the highest substantial contributions to IFAD’s resources.

Each of the List A and List B Board members exercises all the voting power of those Members which have elected them. Each of the two Board members elected by a Sub-list exercises half of the voting power of all the Members of that Sub-list.

The List System is used to allocate seats on the Emoluments Committee, the Audit Committee, the Evaluation Committee and various Working Groups.
The List System is also used in the context of IFAD’s replenishments.

The List System is used to determine which Members will participate in the replenishment consultation. For IFAD 9 and 10, the Governing Council decided that the following Members would participate:

- **List A**: all Members
- **List B**: all Members
- **List C**: 18 Members appointed by the Members of List C.

Since 1997, the List System is used to ensure that, in each replenishment, List C Members are allocated one third of the total new votes as membership votes.

At present the voting power is allocated as follows:

- **List A**: 47.2%
- **List B**: 14.5%
- **List C**: 38.3%.
There is a **new global economic power architecture**: new countries have emerged, non-traditional donors have appeared on the international stage.

**List B** Members’ contributions have decreased significantly over time.

**List C** has become a very large group of 139 Members which share 6 Board member and 6 Board alternate member seats.

Six of **List C** 12 Board seats are reserved for the highest contributors in each Sub-list, leaving little chance of other List C Members ever securing a Board seat.

**List C** Members as a group have become a substantial contributor to replenishments, and a larger number of them make contributions to IFAD than to other IFIs, showing their sense of ownership of the institution.

Some **List C** Members keep increasing their core contributions, which, at times, are larger than those of several List A and B Members.

The **2011 increase from 15 to 18 of List C** Members invited to participate in the replenishment consultation **may still not be sufficient**.

**List C** Members make their voice heard more and more in replenishment debates (but don’t participate by submitting proposals to amend the replenishment report draft.)
## Comparator Institutions

<table>
<thead>
<tr>
<th>Name</th>
<th>Rep / Cap</th>
<th>No. Of Members</th>
<th>Groups of Shareholders</th>
<th>Voting power</th>
<th>Total Board</th>
<th>Allocation of Board seats</th>
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NEED FOR CHANGE?

Objectives

- Re-balancing representation
- Enhancing voice opportunities
- Incentivising replenishment contributions
Re-balancing representation can be achieved by various means, including:

- **Facilitating transfers** from List to List
- Making the **number of Board seats** allocated to each List and Sub-list proportional to their respective share of **voting power**
- **Redistributing** Board seats among Lists
- **Removing the requirement** of Board seats reserved for highest contributors
- **Increasing** the number of Board Seats
- Introducing a **double majority** system for decisions at the Governing Council and / or at the Executive Board
- Creating **different Lists** and Sub-lists, with new groups of Members
- Abrogating the List System: one single List.
Giving a larger number of Members a voice in replenishment consultations can be achieved by various means, including:

- **Increasing** the number of List C Participants **beyond 18**
- **Establishing criteria** for participation in replenishment consultations based on level of IFAD’s activities in Members or other (non-contribution related) objective factors
- **Holding** replenishment consultation meetings in List C Members in order to showcase borrowing countries’ needs and IFAD’s activities
- Using IFAD’s **digital platforms more effectively** (and creating new ones if appropriate) to carry out, between replenishment consultations, a substantive dialogue between IFAD Management and Members’ capitals
- **De-linking** participation in replenishment consultations from the List System and substituting another selection process for participation in replenishment consultations.
Incentivising contributions can be achieved by various means, in particular:

- **Increasing** the number of List C Members allowed to participate in replenishment consultations
- **Conditioning** the participation of Lists A and B Members on recent contributions or firm undertakings of future contributions
- Making votes created in replenishments **time-bound**
- Giving an **increased weight** to contributions in the creation of new votes in replenishments
- Fostering a more disciplined **burden-sharing approach** to replenishments and rewarding compliance with additional contribution votes.
To conclude, a note of caution:

- A few of the possible steps outlined in the foregoing three slides, have already been discussed in various Ad Hoc Committees or Working Groups, and in certain cases, presented to the Executive Board where no consensus was reached.

- The list of these steps is preliminary and does not purport to exhaustive and is. It has been established without the benefit of prior consultation with any member of the Working Group on Governance or any other member of the Executive Board. Such consultations are necessary and should take place in the coming weeks. Further research will also be needed to confirm whether or not these steps are legally and politically consistent with IFAD’s institutional framework.