

# **LIST SYSTEM**

**PRESENTATION TO  
THE AD HOC WORKING GROUP ON GOVERNANCE**

**15 December 2015**

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# THE LIST SYSTEM

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**

# MAIN FEATURES

- 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.**

# REPRESENTATION

- 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.** 4

# REPLENISHMENT VOICE & VOTES

- 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%.

# EVOLUTION

- 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

Name	Rep / Cap	No. Of Members	Groups of Shareholders	Voting power	Total Board	Allocation of Board seats
IFAD	Rep	176	A 25 B 12 C 139	47.2% 14.5% 38.3%	18	8 4 6
GEF	Rep	183	A Non Recipient B Africa C Asia & Pacific D Latin America E C&E Europe & FSU		32	14 4 6 6 2
IBRD	Cap	188	A 6 largest B all others	40% 60%	25	6 19
IDA	Rep	173	A 6 largest B all others	34% 56%	25	6 same as IBRD EDs 19 same as IBRD EDs
IFC	Cap	184	A 6 largest B all others	43% 57%	25	6 same as IBRD EDs 19 same as IBRD EDs

# COMPARATOR INSTITUTIONS

Name	Rep / Cap	No. Of Members	Groups of Shareholders	Voting power	Total Board	Allocation of Board seats
IFAD	Rep		A 25 B 12 C 139	47.2% 14.5% 38.3%	18	8 4 6
AfDB	Cap		A 54 Regional B 27 Non-regional	60% 40%	20	13 7
AsDB	Cap		A 48 Regional B 19 Non-regional	65% 35%	12	
EBRD	Cap		A 13 EU members B 9 Non-EU European C 37 Recipient D 7 Non European	51% 10% 15% 24%	23	11 4 4 4
IDB	Cap		A 26 Borrowing Reg. B 2 Non borrow Reg. C 16 Non Regional	50% 34% 16%	25	6 19

# NEED FOR CHANGE?

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## Objectives

- Re-balancing representation
- Enhancing voice opportunities
- Incentivising replenishment contributions

# RE-BALANCING REPRESENTATION

**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.**

# ENHANCING VOICE OPPORTUNITIES

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

**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.

# CONCLUSION

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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.

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