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## Synthesis of deliberations at the eighth meeting of the Ad Hoc Working Group on Governance

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Ad Hoc Working Group on Governance — Eighth Meeting  
Rome, 4 November 2016

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For: Information

## Synthesis of deliberations at the eighth meeting of the Ad Hoc Working Group on Governance

1. The eighth meeting of the Ad Hoc Working Group on Governance was held on 4 November 2016 at IFAD headquarters. Members participated from Angola, Argentina, Denmark, Indonesia, Italy, Pakistan, United Kingdom, United States and Bolivarian Republic of Venezuela. Representatives for Algeria, Brazil, China, Côte d'Ivoire, Cuba, Dominican Republic, Egypt, France, Gabon, Germany, Islamic Republic of Iran, Kenya, Kuwait, Mexico, Netherlands, Norway, Peru, Sudan, United Republic of Tanzania and United Arab Emirates attended as observers.

### A. Adoption of the agenda

2. The agenda of the meeting was adopted without amendment.

### B. Draft report of the Ad Hoc Working Group on Governance

3. The Chairperson briefed the Working Group on the revised draft report, which reflected feedback from members shared with the Working Group on 31 October. A non-paper setting forth a proposed revised version of the List definitions based on the feedback received was also tabled at the meeting.
4. In response to a member's request, the Chairperson suspended the meeting twice to allow members to read the revised version of the draft report and carry out consultations.
5. There was consensus on issues related to IFAD's replenishment cycle, and the format and structure of the replenishment consultations. However, discussions and negotiations continued on the List definitions and representation, as summarized below.

#### List system

6. The new grouping of Member States in the non-paper was based on a definition proposed at the seventh meeting and reflected the feedback received from members. The revised definitions of each list were as follows:
  - (i) List A: Member States that are contributors to IFAD resources, declare themselves ineligible for IFAD financing and services, and are not eligible for official development assistance (ODA) according to Organisation for Economic Co-operation and Development (OECD) definitions;
  - (ii) List B: Member States that are members of the Organization of the Petroleum Exporting Countries (OPEC) and are contributors to IFAD resources, some of which may also be eligible for IFAD financing and services;
  - (iii) List C: Member States that are "developing countries" and have not declared themselves ineligible for IFAD financing and services, many of which are also contributors to IFAD resources.
7. There was overall consensus on the revised definition of each group. However, one List member expressed the need for List consultation with his List before finalizing.
8. A question was raised with respect to the definition of List A, as the new definition included ineligibility for IFAD financing and ODA according to OECD definitions. In response, it was noted that the eligibility criteria for IFAD financing were unclear, and that adding the OECD definition for ODA would clarify the definition for List A more precisely. It was also hoped that the Office of the Secretary would be able to share a list of List C members that fall into this category, as this would help to inform consideration of IFAD's financing terms and criteria, which include thresholds but no ceiling for eligibility to receive loans from IFAD.

9. In response to a question, the General Counsel provided clarification on the term “contributors”, which included both historical and current contributors to IFAD resources.
10. List A members suggested either approving the definitions in a stand-alone document or presenting them in the final report for the approval of the Governing Council, rather than amending schedule II of the Agreement Establishing IFAD. Changes between Lists could then be made in accordance with existing provisions made in article 3(a). The General Counsel explained that if the definitions were to be enforceable, then schedule II of the Agreement Establishing IFAD would have to be amended. Referring to article 12 of the Agreement, and paragraph 29 of schedule II, he commented that the procedure for amending schedule II was less onerous than the procedure for amending the Agreement. Another option was to have the report adopted by the Governing Council as a form of agreement that would be referred to for further discussion if more time were needed for the process of amending schedule II. Members noted, however, that the criteria for a Member State to move from one List to another included their wish to transfer and therefore, while there was an expectation that Member States would transfer to the List that best matches their characteristics, a transfer could not be imposed upon a Member State.

#### Representation issues

11. List C requested that the entire governance issue be discussed as a package, rather than addressing the issues individually. One List C member stated that they would be unable to join a consensus unless there was a proposal to address List C’s underrepresentation by allocating additional seats at the Executive Board and subsidiary bodies, as well as in the replenishment consultations. List C underscored that they were a group of 139 Member States, some of which were contributing more than some List A and List B members.
12. List A confirmed its offer of ceding one or two Replenishment seats, to be allocated to low-income countries (LICs) or potential major donors from List C. This would increase List C’s representation at the replenishment consultations and it was hoped that List B would also allocate some seats to List C. It was also noted that, should the new definitions be adopted, some List C members would transfer to List A and List B, which could result in freeing up Board seats for more LIC members, and allow for greater rotation within List C.
13. The issue of having additional seats allocated to LICs in the subsidiary governing bodies was also raised. The Secretary of IFAD clarified that this issue fell within the purview of the Executive Board, and would not require approval by the Governing Council. List A recalled that the discussion about increasing seats in the subsidiary bodies was linked to the possibility of List B ceding an Executive Board seat to List C. In addition, as the number of seats in the subsidiary bodies was linked to Board composition, List A expressed concern that an additional seat in the committees would change the balance.
14. List B members proposed adopting a recommendation that would extend the mandate of the Working Group; however, this proposal was not agreed upon as List A members emphasized the need to focus on the replenishment consultations in 2017 and stressed the need to submit a report to the Governing Council that would wrap up the discussions, capture the areas of consensus and identify outstanding issues that could be considered in the future.
15. After informal consultation, the Working Group agreed to hold an additional meeting on 12 December to finalize the report, prior to which members would consult with their capitals. The Chairperson urged members to hold informal consultations among the three Lists. The Secretary expressed readiness to facilitate and support any informal meetings taking place before the December meeting. An updated version of the report as outlined by the Chairperson would be made

available to members for their feedback after sharing it with the Bureau during the week of 7 November, and the revised version of the report reflecting feedback from members would be dispatched in due course.