

MASTER FILES  
ROOM C-130

0411

CONFIDENTIAL

COMMITTEE ON RULES FOR THE 1988  
REGULAR ELECTION OF EXECUTIVE DIRECTORS

Meeting 88/1  
3:00 p.m., July 21, 1988

G. Ortiz, Chairman

Executive Directors

M. Finaish  
J. E. Ismael  
J. Ovi

H. Ploix  
C. R. Rye

Alternate Executive Directors

A. Rieffel, Temporary

J. K. Orleans-Lindsay, Temporary  
L. Filardo

R. S. Franklin, Committee Secretary  
M. J. Miller, Assistant

Also Present

J. Prader  
I. A. Al-Assaf  
O. Kabbaj  
G. Salehkhoul

Legal Department: J. V. Surr. Treasurer's Department:  
D. H. Brown. Secretary's Department: J. W. Lang, Jr., Deputy  
Secretary; B. R. Hughes. Advisors to Executive Directors: M. Eran,  
A. Vasudevan. Assistants to Executive Directors: S. Appetiti,  
S. K. Fayyad, V. J. Fernández.

1. RULES FOR THE 1988 REGULAR ELECTION - DRAFT REPORT

The Committee members considered a draft report on Rules for the 1988 Regular Election of Executive Directors (EB/CREED/88/1, 7/15/88). They also had before them a paper on calculations relating to the appointment of an Executive Director for Saudi Arabia (EBD/88/199, 7/15/88), and a background note from the Committee Secretary dated July 20, 1988 showing the voting power of Executive Directors.

The staff representative from the Legal Department stated that paragraphs 6 and 7 of the draft report contained the two changes the staff

was proposing in the draft regulations for the conduct of the 1988 Regular Election of Executive Directors. The first change proposed was the elimination of the roll call. Under the changed procedure, the Secretary would no longer call out the name of each member eligible to vote, although the ballot boxes would continue to be circulated among Governors. The staff hoped that by eliminating the roll call, time would be saved--an important consideration, as the meeting would be only three days long. The other change was the elimination of the second ballot in the case of a contested election in which the number of remaining candidates equaled the number of vacancies remaining to be elected, so that a Governor whose candidate had not been elected could automatically reallocate his votes to an elected candidate; the second ballot would thus be "telescoped" into the first. That change appeared in paragraph 12 of the draft regulations.

Mr. Finaish commented that the proposal to eliminate the roll call procedure might make it more difficult to ensure that Governors were present and prepared to cast their ballots. In his experience, it was sometimes difficult to assemble the delegations, because the election was held after the luncheon when many Governors had returned to their hotels. Consequently, the roll call might be a useful exercise, as the Governors would be reminded that the election was being conducted. The roll call was particularly useful for large constituencies.

Mr. Rye agreed with Mr. Finaish that there could be disadvantages in speeding up the roll call procedure too much. He too had experienced difficulties in assembling delegations from the smaller members in his constituency, and had often had to make ad hoc arrangements when certain delegations or members of delegations could not be found. If the ballot box was circulated too rapidly, the problem could be compounded.

The Chairman observed that the Chairman of the Annual Meetings always announced well in advance that the election of Executive Directors would take place at a precise time in the afternoon on the second day of the meetings. Perhaps if the Chairman were to repeat the date and time for the election more often, say, on the morning of each day of the meetings, the problem referred to by Mr. Finaish and Mr. Rye would be lessened.

The staff representative from the Legal Department remarked that if the ballot of any Governor was not cast, the Chairman's attention was always drawn to it at the close of the balloting, and the Chairman could then announce the names of those members whose Governors had not yet cast a ballot.

The Committee Secretary explained that in addition to the public announcement from the Chairman of the Annual Meetings, and the many reminders to Governors before the elections, an effort was always made behind the scenes by the staff of the Fund and the Bank to contact the Governors through their Executive Directors or delegations, to ensure that someone was prepared to place ballots in the box once the balloting began. While dispensing with the roll call procedure would certainly allow the ballot boxes to be passed more quickly, it should not affect the outcome

of the balloting process. The staff would examine the ballots cast, and go out onto the floor of the meeting hall to find Governors who had not voted or who had voted incorrectly. Every effort would be made to ensure that the election was conducted as smoothly as possible.

Mr. Finaish commented that although the intent was to save time, he wondered how much time would in fact be saved, and whether the greater difficulties which might arise in assembling the Governors were worth the time that might be saved.

The Chairman, responding to Mr. Finaish and to a question from Mr. Rye, stated that the balloting would, as in the past, take place at a fixed time. Under existing procedures, the Secretary would call the name of each country, and the ballot box would then be presented to that chair. The proposed new procedure would be the same, except that the Secretary would not actually call the names of countries. However, he would announce that the election was about to begin, and the ballot boxes would be passed and presented to each chair in the same way as in the past. Nevertheless, he agreed with Mr. Finaish that eliminating the roll call procedure might not save much time.

The Committee Secretary, replying to a question from Mrs. Ploix regarding what would happen if a Governor had not voted by the end of the balloting period, explained that there was no specific closing time for the balloting, even though the staff attempted to see to it that the election was completed the same evening. The tellers of election (usually the Vice Chairmen of the Annual Meetings), assisted by staff of the Legal Department, the Treasurer's Department, and the Secretary's Department, validated the signatures and votes of Governors. As soon as it became evident that any Governor had not cast a ballot, staff members would move onto the floor of the meeting hall or to the telephones, and try by all available means to secure the ballot, or at least to explain the ramifications of not casting a ballot. The staff would work as long as necessary to secure all ballots before the announcement of the election results. The results would then be announced from the dais, or, if the plenary session had ended, would be posted later in the evening or early the following morning.

Mrs. Ploix stated that although she appreciated Mr. Finaish's concerns, she was pleased to learn that efforts would be made to search for those Governors who had not cast a ballot.

The Chairman remarked that the World Bank's committee on rules for the Bank's election of Executive Directors had already agreed to the changes in procedure. Given the efforts that would be made by the staff, as the Committee Secretary had related, perhaps the Fund Committee could also agree to the proposed changes in procedure.

Mr. Rye stated that on the basis of the assurances from the Committee Secretary, he was prepared to support the proposal.

Mr. Ovi observed that paragraph 7 of the draft regulations appeared to imply that a Governor could unilaterally designate an Executive Director to cast his country's votes. He wondered whether that possibility had existed under regulations of the past.

Mr. Finaish asked for confirmation of his understanding of what would happen to those countries that had voted for a losing candidate in an election. Could they decide to designate a winner to cast their votes?

The Committee Secretary noted that, with respect to the matter raised by Mr. Ovi, the proposed regulations did not represent a change from the past. However, a Governor would not normally designate an Executive Director to cast his country's votes without the Executive Director's consent. Generally, an agreement was reached between the member and the Executive Director concerned.

The staff representative from the Legal Department added that, a winning candidate had no choice about whether he cast the votes of a member whose votes were allocated to him after a ballot, or, indeed, were cast for him on a ballot. The situation to which Mr. Ovi and Mr. Finaish had referred was one where a Governor had voted for a candidate who had not been elected on the last ballot. Section 14 of the Rules for election would permit the Governor to reallocate his votes to a winning candidate that he designated before November 1 of the year of the election. That designation would be addressed to the Secretary, although there would, as the Committee Secretary had suggested, presumably be some agreement in advance between the designee and the Governor or his authorities. However, where a Governor had abstained from voting on the ballot, the Governor would not have the privilege of designation, and the member would not have its votes cast by any member of the Executive Board.

The Chairman, responding to a question from Mr. Rieffel, said that it was not possible for a member that had voted for a candidate who had not been elected to subsequently designate an appointed Executive Director to represent it; only an elected Executive Director could be so designated.

The Committee members agreed to submit the report on Rules for the 1988 Regular Election of Executive Directors, as corrected, to the Executive Board for its approval on a lapse of time basis.

APPROVED: January 18, 1989