

MASTER FILES

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11

COMMITTEE ON RULES FOR THE 1986
REGULAR ELECTION OF EXECUTIVE DIRECTORS

Meeting 86/1
11:45 a.m., July 15, 1986

J. de Groote, Chairman

Executive Directors

H. Fujino

F. L. Nebbia

Y. A. Nimatallah

P. Pérez

G. Salehkhoul

S. Zecchini

Alternate Executive Directors

A. Abdallah

O. Kabbaj

J. W. Lang, Jr., Secretary
P. Péroz, Assistant

Also Present

A. Alfidja

M. Finaish

T. Alhaimus
Jiang H.

Legal Department: J. G. Evans, Jr., Deputy General Counsel.
Treasurer's Department: D. Williams, Deputy Treasurer.
Advisors to Executive Directors: S. M. Hassan, A. Ouanes.
Assistants to Executive Directors: Z. b. Ismail, T. Morita.

1. 1986 REGULAR ELECTION OF EXECUTIVE DIRECTORS

The members of the Committee considered a draft report of the Committee on Rules for the Regular Election of Executive Directors (EB/CREED/86/1, 7/8/86), together with a note on the calculations relating to additional appointed Executive Directors (EBD/86/192, 7/8/86).

The Chairman drew two points to the attention of the Committee. One was the decision of Saudi Arabia, formally communicated to the Managing Director by Mr. Nimatallah on July 8, 1986, to appoint an Executive Director. The other was the proposed decision to maintain the number of elected Executive Directors at 16.

Mr. Nimatallah indicated that he could approve the draft report without amendment.

Mr. Alfidja remarked that the report appeared to give adequate consideration to smaller constituencies.

The Chairman responded that two provisions had been included for the sake of the constituencies mentioned by Mr. Alfidja. One was the proposal to maintain the number of elected Executive Directors at 16 in order to maintain an appropriate balance in the composition of constituencies. The other was the possibility, mentioned in the regulations on page 14, Annex II of the report, to review, at the request of any Governor, whether an additional Executive Director should be elected, in light of the objectives set forth in the relevant section of the Report by the Executive Directors to the Board of Governors on the Proposed Second Amendment to the Articles of Agreement.

Mr. Nimatallah then inquired whether it would be possible to give more permanent character to the decision to maintain the number of elected Executive Directors at 16.

The Chairman responded that the Articles of Agreement made consideration of the size of the Executive Board a requirement in each election year to the extent that they explicitly set at 15 the number of elected Executive Directors, unless the Board of Governors decided otherwise.

Mr. Nimatallah commented that there seemed to have been enough flexibility in the Articles of Agreement for increasing the number of elected Executive Directors from a small original number to 16. It might therefore be possible also to maintain permanently the present number of 16 elected Executive Directors and limit the Board of Governors' involvement to circumstances in which the number of elected Executive Directors should be other than 16.

The Deputy General Counsel responded that the regular consideration of this particular issue was indeed required by the Articles of Agreement. More specifically, the appointment of an Executive Director under Article XII, Section 3(c) automatically reduced the number of elected Executive Directors to 14. Because of such an automatic reduction, the Articles required a specific decision to maintain the number of elected Executive Directors at 16. Furthermore, the question whether the calculations related to the determination of the two largest creditors would lead to an automatic reduction in the number of elected Executive Directors could not be answered before the calculations had actually been made. It was thus necessary to examine the rules at the time of each election, in the light of prevailing circumstances. It was true that, in the absence of any appointment under Article XII, Section 3(c), the number of elected Executive Directors would be automatically set by Article XII, Section 3(b)(ii) at 15. A different number, higher or lower than 15, might be considered more adequate, based on the circumstances of the moment and the evolution of constituencies.

Mr. Nimatallah suggested that consideration should be given to amending the Articles of Agreement in order to limit the involvement of the Board of Governors to situations where the current number of 16 elected Executive Directors would have to be modified either way.

The Chairman took note of Mr. Nimatallah's suggestion.

The Secretary noted that the letter from the Managing Director to all members on the appointment of an Executive Director for Saudi Arabia had been dispatched on July 14, 1986.

The Committee members approved the draft report to the Executive Board on Rules for the 1986 Regular Election of Executive Directors, together with a proposed decision transmitting the Report and draft Resolution to the Board of Governors for a vote by mail.

APPROVED: March 26, 1987