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**CHAPTER 354**  
**INTER-AMERICAN DEVELOPMENT BANK**  
**ARRANGEMENT OF SECTIONS**

SECTION

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SCHEDULE — Text of Articles of Agreement Establishing the Inter-American Development Bank.



## CHAPTER 354

### INTER-AMERICAN DEVELOPMENT BANK

#### **An Act to provide for the membership of The Bahamas in the Inter-American Development Bank.**

*11 of 1977*  
*S.I. 10/1980*  
*S.I. 11/1984*  
*S.I. 68/1989*

*[Assent 6th June, 1977]*

*[Commencement 16th June, 1977]*

1. This Act may be cited as the Inter-American Development Bank Act. Short title.
2. In this Act — Interpretation.
  - “the Agreement” means the Agreement establishing the Inter-American Development Bank the original of which is deposited in the archives of the Organisation of American States and of which the text of the Articles is set out in the Schedule to this Act; Schedule.
  - “Bank” means the Inter-American Development Bank;
  - “Minister” means the Minister responsible for Finance;
  - “the Resolution” means the Resolution embodying the terms and conditions governing the admission of The Bahamas to membership of the Bank adopted by the Board of Governors of the Inter-American Development Bank on the 20th April 1977.
3. The Minister is hereby authorised to empower by instrument under his hand such person as may be named in the instrument — Authorisation for signing of and accepting the Agreement.
  - (a) to sign the Agreement on behalf of The Bahamas;
  - (b) to deposit with the General Secretariat of the Organisation of American States an instrument setting forth that The Bahamas has accepted, in accordance with its laws, the Agreement and all the terms and conditions of the Resolution and has taken the steps necessary to enable it to carry out all of its obligations under the Agreement and the Resolution.

Financial provisions.

4. (1) There shall be paid out of the Consolidated Fund all sums necessary for the purpose of making to the Bank the payments required to be made from time to time in respect of the subscription of The Bahamas to the capital stock of the Bank and the contribution of The Bahamas to the Fund for Special Operations.

(2) The Minister may issue or cause to be issued to the Bank non-negotiable, non-interest bearing notes or similar securities in lieu of any portion of the subscription to the Bank's authorised capital or the contribution to the Fund for Special Operations payable in the currency of The Bahamas and any sums payable in respect of such notes or securities so issued shall be a charge on the Consolidated Fund.

Certain provisions of Agreement given force of law in The Bahamas.

5. The provisions of sections 2 to 9 inclusive of Article XVIII of the Agreement (which relate to the status, immunities and privileges to be accorded to the Bank) shall have the force of law in The Bahamas.

Power of Minister to make orders.

6. The Minister may by order make such provisions as may be necessary for carrying into effect any of the provisions of the Agreement.

Amendment of Schedule and matters consequential on amendment. Schedule.

7. (1) Where any amendment to the Agreement is accepted by the Government, the Minister may by order amend the Schedule to this Act by including therein the amendment so accepted.

(2) Any order made under this section may contain such consequential, supplemental or ancillary provisions as appear to the Minister to be necessary or expedient for the purpose of giving due effect to the amendment accepted as aforesaid and, without prejudice to the generality of the foregoing, may contain provisions amending references in this Act to specific provisions of the Agreement.

Schedule.

(3) Where the Schedule to this Act is amended pursuant to this section any reference in this Act or any other instrument to the Agreement shall, unless the context otherwise requires, be construed as a reference to the Agreement as so amended.

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**SCHEDULE (Sections 2 and 7)****TEXT OF ARTICLES OF AGREEMENT ESTABLISHING  
THE INTER-AMERICAN DEVELOPMENT BANK****ARTICLE I***Purpose and Functions*

**Section 1.** The purpose of the Bank shall be to contribute to the acceleration of the process of economic development of the member countries, individually and collectively. *Purpose.*

**Section 2. (a)** To implement its purpose, the Bank shall have the following functions: *Functions.*

- (i) to promote the investment of public and private capital for development purposes;
- (ii) to utilise its own capital, funds raised by it in financial markets, and other available resources, for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth;
- (iii) to encourage private investment in projects, enterprises, and activities contributing to economic development and to supplement private investment when private capital is not available on reasonable terms and conditions;
- (iv) to co-operate with the member countries to orient their development policies toward a better utilisation of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and
- (v) to provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

(b) In carrying out its functions, the Bank shall co-operate as far as possible with national and international institutions and with private sources supplying investment capital.

**ARTICLE II***Membership in and Capital of the Bank*

**Section 1. (a)** The original members of the Bank shall be those members of the Organisation of American States which, by the date specified in Article XXII, Section 1(a), shall accept membership in the Bank. *Membership.*

(b) Membership shall be open to other members of the Organisation of American States at such times and in accordance with such terms as the Bank may determine.

*Authorised  
Capital.*

**Section 2.** (a) The authorised capital stock of the Bank, together with the initial resources of the Fund for Special Operations established in Article VIII (hereinafter called the Fund), shall total one billion dollars (\$1,000,000,000) in terms of United States dollars of the weight and fineness in effect on January 1, 1959. Of this sum, eight hundred and fifty million dollars (\$850,000,000)<sup>1</sup> shall constitute the authorised capital stock of the Bank and shall be divided into 85,000<sup>2</sup> shares having a par value of \$10,000 each, which shall be available for subscription by members in accordance with Section 3 of this article.

(b) The authorised capital stock shall be divided into paid in shares and callable shares. The equivalent of four hundred million dollars (\$400,000,000)<sup>3</sup> shall be paid in, and four hundred and fifty million dollars (450,000,000)<sup>4</sup> shall be callable for the purposes specified in Section 4(a)(ii) of this article.

(c) The capital stock indicated in (a) of this section shall be increased by five hundred million dollars (\$500,000,000) in terms of United States dollars of the weight and fineness existing on January 1, 1959, provided that:

- (i) the date for payment of all subscriptions established in accordance with section H of this Article shall have been passed;
- (ii) a regular or special meeting of the Board of Governors, held as soon as possible after the date referred to in subparagraph (i) of this paragraph, shall have approved the above-mentioned increase of five hundred million dollars (\$500,000,000) by a three-fourths majority of the total voting power of the member countries.

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<sup>1</sup> On January 28, 1964, the Board of Governors increased the authorised capital stock of the Bank to two billion one hundred and fifty million dollars (\$2,150,000,000), and on June 20, 1968, to three billion one hundred and fifty million dollars (\$3,150,000,000).

<sup>2</sup> The number of shares in the authorised capital stock was increased by the Board of Governors on January 28, 1964, to 215,000 of which 30,000 were reserved for subscription by new members. On June 20, 1968, the number was raised to 315,000.

<sup>3</sup> The authorised paid-in shares were increased by the Board of Governors on January 28, 1964, to the equivalent of four hundred and seventy-five million dollars (\$475,000,000), of which seventy-five million dollars (\$75,000,000) were reserved for subscription by new members.

<sup>4</sup> The authorised callable shares were increased by the Board of Governors on January 28, 1964, to the equivalent of one billion six hundred and seventy-five million dollars (\$1,675,000,000), of which two hundred and twenty-five million dollars (\$225,000,000) were reserved for subscription by new members. On June 20, 1968, the amount was raised to two billion six hundred and seventy-five million dollars (\$2,675,000,000).

(d) The increase in capital stock provided for in the preceding paragraph shall be in the form of callable capital.

(e) Notwithstanding the provisions of paragraph (c) and (d) of this section, the authorised capital stock may be increased when the Board of Governors deems it advisable and in a manner agreed upon by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

**Section 3.** (a) Each member shall subscribe to shares of the capital stock of the Bank. The number of shares to be subscribed by the original members shall be those set forth in Annex A of this Agreement, which specifies the obligation of each member as to both paid-in and callable capital. The number of shares to be subscribed by other members shall be determined by the Bank.

*Subscription of Shares.*

(b) In case of an increase in capital pursuant to Section 2, paragraph (c) or (e) of this Article, each member shall have a right to subscribe, under such conditions as the Bank shall decide, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank. No member, however, shall be obligated to subscribe to any part of such increased capital.

(c) Shares of stock initially subscribed by original members shall be issued at par. Other shares shall be issued at par unless the Bank decides in special circumstances to issue them on other terms.

(d) The liability of the member countries on shares shall be limited to the unpaid portion of their issue price.

(e) Shares of stock shall not be pledged or encumbered in any manner, and they shall be transferable only to the Bank.

**Section 4.** (a) Payment of the subscriptions to the capital stock of the Bank as set forth in Annex A shall be made as follows:

*Payment of Subscriptions.*

- (i) Payment of the amount subscribed by each country to the paid-in capital stock of the Bank shall be made in three instalments, the first of which shall be 20 per cent, and the second and third each 40 per cent, of such amount. The first instalment shall be paid by each country at any time on or after the date on which this Agreement is signed, and the instrument of acceptance or ratification deposited, on its behalf in accordance with Article XXII, Section 1, but not later than September 30, 1960. The remaining two instalments shall be paid on such dates as are determined by the Bank, but not sooner than September 30, 1961, and September 30, 1962, respectively. Of each instalment, 50 per cent shall be paid in gold and/or dollars and 50 per cent in the currency of the member.

- (ii) The callable portion of the subscription for capital shares of the Bank shall be subject to call only when required to meet the obligations of the Bank created under Article VII, Section 4(ii) and (iii) on borrowings of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources. In the event of such a call, payment may be made at the option of the member either in gold, in United States dollars, or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made.

Calls on unpaid subscriptions shall be uniform in percentage on all shares.

(b) Each payment of a member in its own currency under paragraph (a)(i) of this section shall be in such amount as, in the opinion of the Bank, is equivalent to the full value in terms of United States dollars of the weight and fineness in effect on January 1, 1959, of the portion of the subscription being paid. The initial payment shall be in such amount as the member considers appropriate hereunder but shall be subject to such adjustment, to be effected within 60 days of the date on which the payment was due, as the Bank shall determine to be necessary to constitute the full dollar value equivalent as provided in this paragraph.

(c) Unless otherwise determined by the Board of Governors by a three-fourths majority of the total voting power of the member countries, the liability of members for payment of the second and third instalments of the paid-in portion of their subscriptions to the capital stock shall be conditional upon payment of not less than 90 per cent of the total obligations of the members due for:

- (i) the first and second instalments, respectively, of the paid-in portion of the subscriptions; and
- (ii) the initial payment and all prior calls on the subscription quotas to the Fund.

*Ordinary Capital Resources.*

**Section 5.** As used in this Agreement, the term "ordinary capital resources" of the Bank shall be deemed to include the following:

*S.I. 11/1984.*

*S.I. 68/1989.*

- (i) authorised capital, including both paid-in and callable shares, subscribed pursuant to Sections 2 and 3 of this article and of Articles III, IV, V and VI;
- (ii) all funds raised by borrowings under the authority of Article XIV, Section 1(i) to which the commitment set forth in Section 4(a)(ii) of this article is applicable;
- (iii) all funds received in repayment of loans made with the resources indicated in (1) and (ii) of this section; and
- (iv) all income derived from loans made from the aforementioned funds or from guarantees to which the commitment set forth in Section 4(a)(ii) of this article is applicable.



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**ARTICLE III***Additional Capital**S.I. 10/1980.*

**Section 1.** (a) Subject to the provisions of paragraph (b) hereof, the authorised capital stock of the Bank shall be increased by US\$8,000,009,944, divided into 663,162 shares, each having a par value as provided in Article II, Section 2.

*Increase in the Authorised Capital.*

(b) Such increase shall become effective only if, on or before December 20, 1979 or such later date as the Board of Executive Directors shall determine, member countries shall have deposited with the Bank an appropriate instrument, by which they agree, subject to such legal requirements as may be appropriate in the respective countries, to subscribe to at least 500,000 shares of the increase of authorised capital stock in accordance with Section 2 of this article.

**Section 2.** (a) In accordance with Article II, Section 3(b), each member may subscribe to the respective number of shares as set out in Annex D.

*Subscriptions.*

(b) Each subscribing member shall represent to the Bank that it has taken all necessary action to authorise its subscription and shall furnish to the Bank such information thereon as the latter may request.

(c) The subscription of each member to the additional paid-in capital stock shall be on the following terms and conditions:

- (i) The subscription price per share shall be the par value of each share as provided in Article II, Section 2.
- (ii) Except where the Board of Executive Directors may agree prior to December 20, 1979 to alternative instalment schedules proposed by individual members, to take into account special circumstances, the subscriptions of members to paid-in capital stock shall be in four equal instalments, effective, respectively, on December 20, 1979 and on October 31 in each of the years 1980 through 1982, or such later dates as the Board of Executive Directors shall determine, provided, however, that countries which became members of the Bank after December 31, 1976 shall have the right to subscribe in four equal instalments, effective, respectively, on October 31 in each of the years 1980 through 1983, or such later dates as the Board of Executive Directors shall determine, and payments for each instalment are due on the respective effective dates established here-under.
- (iii) The subscription of Canada, the United States, Venezuela and the non-regional members to the paid-in capital stock shall be made to the inter-regional capital and shall be paid entirely in the currency of the respective members which shall make arrangements satisfactory to the Bank to assure

that their respective currencies so paid to the Bank shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations, except that the subscription of Canada may be made to the ordinary capital to be paid in United States dollars. The entire subscriptions of such members shall be subject to the provisions of Article XII, Section 1(b)(i).

- (iv) The subscriptions of all other members not referred to in (iii) above to the paid-in capital stock shall be made one-third to the ordinary capital and two-thirds to the inter-regional capital. Each such subscription to the ordinary capital shall be paid entirely in the currency of the respective members. Each such subscription to the inter-regional capital stock shall be paid entirely in the currency of the respective members which shall make arrangements satisfactory to the Bank to assure that their respective currencies so paid to the inter-regional capital shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations, or shall agree to convert on behalf of the Bank their respective currencies so paid into the currencies of other countries for the purposes of the Bank's operations. The entire subscriptions of such members to the inter-regional capital stock shall be subject to the provisions of Article XII, Section 1(b)(i).
- (v) The Bank may accept non-negotiable, non-interest-bearing promissory notes or similar securities in the form contemplated in Article XII, Section 4 in lieu of the immediate payment of all or any part of a member's subscription to the paid-in capital stock, provided that the Board of Executive Directors, taking into account the purposes of the increase of capital and the disbursement requirements of the loans to which the funds are committed, shall establish a schedule pursuant to which such promissory notes or securities shall be paid to the Bank.
- (d) The subscription of each member to the additional callable capital stock shall be on the following terms and conditions:
  - (i) The subscription price per share shall be the par value of each share as provided in Article II, Section 2.
  - (ii) Except where the Board of Executive Directors may agree prior to December 20, 1979 to alternative instalment schedules proposed by individual members, to take into account special circumstances, the subscriptions of members to the callable capital stock shall be in four equal instalments, effective, respectively, on December 20, 1979 and on October 31 in each of the years 1980 through 1982, or such later dates as the Board of Executive Directors shall determine, provided, however, that countries which became

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members of the Bank after December 31, 1976 shall have the right to subscribe in four equal instalments, effective, respectively, on October 31 in each of the years 1980 through 1983, or such later dates as the Board of Executive Directors shall determine. Subject to the provisions of Section 3 hereof, subscriptions effective at earlier dates may be accepted by the Bank.

**Section 3.** The provisions of Section 7(b) of the General Rules Governing Admission of Non-regional Countries to Membership in the Bank shall apply to the capital increase provided for in this resolution, with the same force and effect as if fully set forth herein.

*Voting Power.*

#### ARTICLE IV

*S.I. 11/1984.*

**Section 1.** (a) Without prejudice to Articles II and III, the authorised callable capital stock of the Bank shall be increased by US\$1,302,850,697 in terms of current United States dollars, divided into 108,000 shares, each having a par value as provided in Article II, Section 2.

*Increase in the Authorised Capital.*

(b) Any country which becomes a member of the Bank prior to the effective date of this increase shall have the right to subscribe to a proportionate share of such increase pursuant to Article II, Section 3(b).

**Section 2.** (a) In accordance with Article II, Section 3(b), each member may subscribe to the respective number of shares of callable capital.

*Subscriptions.*

(b) The subscription of each member shall be on the following terms and conditions:

- (i) The subscription price per share shall be as provided in Article II, Section 2.
- (ii) The increase with respect to each member shall be subscribed on or before October 1, 1978 or such date thereafter as the Board of Executive Directors shall determine, except that any country which shall have become a member of the Bank after June 1, 1976 but before the effective date of this increase shall have the right to make its subscription on or before December 31, 1979 or such date thereafter as the Board of Executive Directors shall determine.
- (iii) Each member shall represent to the Bank that it has taken all necessary action to authorise its subscription and shall furnish to the Bank such information thereon as the latter may request.

**Section 3.** The provisions of Section 7(b) of the General Rules Governing Admission of Non-regional Countries to Membership in the Bank shall apply to the capital increase provided for in this Article, with the same force and effect as if fully set forth herein.

*Voting Power.*

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*S.I. 11/1984.*

## ARTICLE V

*Increase in the  
Authorised  
Capital.*

**Section 1.** (a) Subject to the provisions of paragraph (b) hereof, the authorised capital stock of the Bank shall be increased by US\$15,000,009,597, divided into 1,243,428 paid-in and callable shares, each having a par value as provided in Article II, Section 2.

(b) Such increase shall become effective only if, on or before October 31, 1983 or such later date as the Board of Executive Directors shall determine, member countries shall have deposited with the Bank appropriate instruments, by which they agree, subject to such legal requirements as may be appropriate in the respective countries, to subscribe to at least 935,000 shares of the increase of authorised capital stock in accordance with Section 2 of this Article.

*Subscriptions.*

**Section 2.** (a) Each member may subscribe to the respective number of additional shares in accordance with Article II, Section 3(b).

(b) Each subscribing member shall represent to the Bank that it has taken all necessary action to authorise its subscription and shall furnish to the Bank such information thereon as the latter may request.

(c) The subscription of each member to the additional paid-in capital stock shall be on the following terms and conditions:

(i) The subscription price per share shall be the par value of each share as provided in Article II, Section 2.

(ii) The subscriptions of each member to the additional paid-in capital stock shall be made to the inter-regional capital and shall be paid entirely in the currency of the respective members which shall make arrangements satisfactory to the Bank to assure that their respective currencies so paid to the Bank shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations, or shall agree to convert on behalf of the Bank its respective currency so paid into the currencies of other countries for the purposes of the Bank's operations. The entire subscriptions of such members to the inter-regional capital stock shall be subject to the provisions of Article XII, Section 1(b)(i).

(iii) The Bank may accept promissory notes in lieu of the immediate payment of all or any part of a member's subscription to the additional paid-in capital stock.

(d) The subscription of each member to the additional callable inter-regional capital stock shall be on the following terms and conditions:

(i) The subscription price per share shall be the par value of each share as provided in Article II, Section 2.

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- (ii) The subscription shall be in four equal instalments, effective, respectively, on October 31 in each of the years 1983 through 1986, or such later dates as the Board of Executive Directors may determine. However, member countries which are unable to make their subscription to the first instalment by December 31, 1983 due to special circumstances, may make their subscriptions to callable inter-regional capital stock in three equal instalments, effective, respectively, on October 31 in each of the years 1984 through 1986, or such later dates as the Board of Executive Directors may determine, or upon any other instalment schedule not less favourable to the Bank.

## ARTICLE VI

*S.I. 68/1989.*

**Section 1.** (a) Subject to the provisions of paragraph (b) hereof, the authorized capital stock of the Bank shall be increased by US\$26,500,007,311, divided into 2,196,722 shares, each having a par value as provided in Article II, Section 2.

*Increase in the Authorized Capital.*

(b) Such increase shall become effective only if, on or before December 31, 1989, or such later date as the Board of Executive Directors shall determine, member countries shall have deposited with the Bank an appropriate instrument, by which they agree, subject to such legal requirements as may be appropriate in the respective countries, to subscribe to at least 1,645,000 shares of the increase of authorized capital stock in accordance with Section 2 of this Article.

**Section 2.** (a) In accordance with Article II, Section 3(b), each member may subscribe to the respective number of shares as set out in Annex F.

*Subscriptions.*

(b) Each subscribing member shall represent to the Bank that it has taken all necessary action to authorize its subscription and shall furnish to the Bank such information thereon as the latter may request.

(c) The subscription of each member to the additional paid-in capital stock shall be on the following terms and conditions:

- (i) The subscription price per share shall be the par value of each share as provided in Article II, Section 2.
- (ii) The subscriptions of members to paid-in capital stock shall be in four equal instalments, effective, respectively, on October 31 in each of the years 1990 through 1993, or such later dates as the Board of Executive Directors shall determine, and payments for each instalment are due within 30 days of the respective effective dates established hereunder.

- (iii) The subscription of each member to the paid-in capital stock shall be paid entirely in the currency of the respective member which shall make arrangements satisfactory to the Bank to assure that its respective currency so paid to the Bank shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations, or shall agree to convert on behalf of the Bank its respective currency so paid into the currencies of other countries for the purposes of the Bank's operations. The entire paid-in subscriptions shall be subject to the provisions of Article XII, Section 1(b)(i).
- (iv) The Bank may accept non-negotiable, non-interest-bearing promissory notes or similar securities in the form contemplated in Article XII, Section 4, in lieu of the immediate payment of all or any part of a member's subscription to the paid-in capital stock, provided that the Board of Executive Directors, taking into account the purposes of the increase of capital and the disbursement requirements of the loans to which the funds are committed, shall establish a schedule pursuant to which such promissory notes or securities shall be paid to the Bank.

(d) The subscription of each member to the additional callable capital stock shall be on the following terms and conditions:

- (i) The subscription price per share shall be the par value of each share as provided in Article II, Section 2.
- (ii) The subscriptions of members to the callable capital stock shall be in four equal instalments, effective, respectively, on October 31 in each of the years 1990 through 1993, or such later dates as the Board of Executive Directors shall determine.

*Voting Power.*

**Section 3.** The provisions of Section 7(b) of the General Rules Governing Admissions of Non-regional countries to membership in the Bank shall apply to the capital increase provided for in this Article with the same force and effect as if fully set forth herein.

## ARTICLE VII

### *Operations*

*Use of Resources.*

**Section 1.** The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions enumerated in Article I of this Agreement.

*Ordinary and  
Special  
Operations.*

**Section 2.** (a) The operations of the Bank shall be divided into ordinary operations and special operations.

(b) The ordinary operations shall be those financed from the Bank's ordinary capital resources, as defined in Article II, Section 5, and shall relate exclusively to loans made, participated in, or

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guaranteed by the Bank which are repayable only in the respective currency or currencies in which the loans were made. Such operations shall be subject to the terms and conditions that the Bank deems advisable, consistent with the provisions of this Agreement.

(c) The special operations shall be those financed from the sources of the Fund in accordance with the provisions of Article VIII.

**Section 3.** (a) The ordinary capital resources of the Bank as defined in Article II, Section 5, shall at all times and in all respects be held, used, obligated, invested, or otherwise disposed of entirely separate from the resources of the Fund, as defined in Article VIII, Section 3(h).

*Basic Principle  
of Separation.*

The financial statements of the Bank shall show the ordinary operations of the Bank and the operations of the Fund separately, and the Bank shall establish such other administrative rules as may be necessary to ensure the effective separation of the two types of operations.

The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations for which the resources of the Fund were originally used or committed.

(b) Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund. Other expenses shall be charged as the Bank determines.

**Section 4.** Subject to the conditions stipulated in this article, the Bank may make or guarantee loans to any member, or any agency or political subdivision thereof, and to any enterprise in the territory of a member, in any of the following ways:

*Methods of  
Making or  
Guaranteeing  
Loans.*

- (i) by making or participating in direct loans with funds corresponding to the unimpaired paid-in capital and, except as provided in Section 13 of this article, to its reserves and undistributed surplus; or with the unimpaired resources of the Fund;
- (ii) by making or participating in direct loans with funds raised by the Bank in capital markets, or borrowed or acquired in any other manner for inclusion in the ordinary capital resources of the Bank or the resources of the Fund; and
- (iii) by guaranteeing in whole or in part loans made, except in special cases, by private investors.

**Section 5.** (a) The total amount outstanding of loans and guarantees made by the Bank in its ordinary operations shall not at any time exceed the total amount of the unimpaired subscribed capital of the Bank, plus the unimpaired reserves and surplus

*Limitations and  
Ordinary  
Operations.*

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included in the ordinary capital resources of the Bank, as defined in Article II, Section 5, exclusive of income assigned to the special reserve established pursuant to Section 13 of this article and other income assigned by decision of the Board of Governors to reserves not available for loans or guarantees.

(b) In the case of loans made out of funds borrowed by the Bank to which the obligations provided for in Article II, Section 4(a)(ii) are applicable, the total amount of principal outstanding and payable to the Bank in a specific currency shall at no time exceed the total amount of principal of the outstanding borrowings by the Bank that are payable in the same currency.

*Direct Loan  
Financing.*

**Section 6.** In making direct loans or participating in them, the Bank may provide financing in any of the following ways:

(a) By furnishing the borrower currencies of members, other than the currency of the member in whose territory the project is to be carried out, that are necessary to meet the foreign exchange costs of the project.

(b) By providing financing to meet expenses related to the purposes of the loan in the territories of the member in which the project is to be carried out. Only in special cases, particularly when the project indirectly gives rise to an increase in the demand for foreign exchange in that country, shall the financing granted by the Bank to meet local expenses be provided in gold or in currencies other than that of such member; in such cases, the amount of the financing granted by the Bank for this purpose shall not exceed a reasonable portion of the local expenses incurred by the borrower.

*Rules and  
Conditions for  
Making or  
Guaranteeing  
Loans.*

**Section 7.** (a) The Bank may make or guarantee loans subject to the following rules and conditions:

- (i) the applicant for the loan shall have submitted a detailed proposal and the staff of the Bank shall have presented a written report recommending the proposal after a study of its merits. In special circumstances, the Board of Executive Directors, by a majority of the total voting power of the member countries, may require that a proposal be submitted to the Board for decision in the absence of such a report;
- (ii) in considering a request for a loan or a guarantee, the Bank shall take into account the ability of the borrower to obtain the loan from private sources of financing on terms which, in the opinion of the Bank, are reasonable for the borrower, taking into account all pertinent factors;
- (iii) in making or guaranteeing a loan, the Bank shall pay due regard to prospects that the borrower and its guarantor, if any, will be in a position to meet their obligations under the loan contract;



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- (iv) in the opinion of the Bank, the rate of interest, other charges and the schedule for repayment of principal are appropriate for the project in question;
  - (v) in guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk; and
  - (vi) loans made or guaranteed by the Bank shall be principally for financing projects, including those forming part of a national or regional development programme. However, the Bank may make or guarantee over-all loans to development institutions or similar agencies of the members in order that the latter may facilitate the financing of specific development projects whose individual financing requirements are not, in the opinion of the Bank, large enough to warrant the direct supervision of the Bank.

(b) The Bank shall not finance any undertaking in the territory of a member if that member objects to such financing.

**Section 8.** (a) In the case of loans or guarantees of loans to non-governmental entities, the Bank may, when it deems it advisable, require that the member in whose territory the project is to be carried out, or a public institution or a similar agency of the member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan.

*Optional  
Conditions for  
Making or  
Guaranteeing  
Loans.*

(b) The Bank may attach such other conditions to the making of loans or guarantees as it deems appropriate, taking into account both the interests of the members directly involved in the particular loan or guarantee proposal and the interests of the members as a whole.

**Section 9.** (a) Except as provided in Article XII, Section 1, the Bank shall impose no condition that the proceeds of a loan shall be spent in the territory of any particular country nor that such proceeds shall not be spent in the territories of any particular member or members.

*Use of Loans  
Made or  
Guaranteed by  
the Bank.*

(b) The Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed, or participated in by the Bank are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency.

**Section 10.** Direct loan contracts made by the Bank in conformity with Section 4(i) or (ii) of this article shall establish:

*Payment  
Provisions for  
Direct Loans.*

(a) All the terms and conditions of each loan, including among others, provision for payment of principal, interest and other charges, maturities, and dates of payment; and

(b) The currency or currencies in which payments shall be made to the Bank.

*Guarantees.*

**Section 11.** (a) In guaranteeing a loan the Bank shall charge a guarantee fee, at a rate determined by the Bank, payable periodically on the amount of the loan outstanding.

(b) Guarantee contracts concluded by the Bank shall provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and by the guarantor, if any; the Bank offers to purchase, at par and interest accrued to a date designated in the offer, the bonds or other obligations guaranteed.

(c) In issuing guarantees, the Bank shall have power to determine any other terms and conditions.

*Special  
Commission.*

**Section 12.** On all loans, participations, or guarantees made out of or by commitment of the ordinary capital resources of the Bank, the latter shall charge a special commission. The special commission, payable periodically, shall be computed on the amount outstanding on each loan, participation, or guarantee and shall be at the rate of one per cent per annum, unless the Bank, by a two-thirds majority of the total voting power of the member countries, decides to reduce the rate of commission.

*Special Reserve.*

**Section 13.** The amount of commissions received by the Bank under Section 12 of this article shall be set aside as a special reserve, which shall be kept for meeting liabilities of the Bank in accordance with Article XIV, Section 3(b)(i). The special reserve shall be held in such liquid form, permitted under this Agreement, as the Board of Executive Directors may decide.

**ARTICLE VIII***Fund for Special Reserve**Establishment,  
Purpose, and  
Functions.*

**Section 1.** A Fund for Special Operations is established for the making of loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects.

The Fund, whose administration shall be entrusted to the Bank, shall have the purpose and functions set forth in Article I of this Agreement.

*Applicable  
Provisions.*

**Section 2.** The Fund shall be governed by the provisions of the present article and all other provisions of this Agreement, excepting those inconsistent with the provisions of the present article and those expressly applying only to the ordinary operations of the Bank.

*Resources.*

**Section 3.** (a) The original members of the Bank shall contribute to the resources of the Fund in accordance with the provisions of this section.

(b) Members of the Organisation of American States that join the Bank after the date specified in Article XXII, Section 1(a) shall contribute to the Fund with such quotas, and under such terms, as may be determined by the Bank.

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(c) The Fund shall be established with initial resources in the amount of one hundred and fifty million dollars (\$150,000,000)<sup>5</sup> in terms of United States dollars of the weight and fineness in effect on January 1, 1959, which shall be contributed by the original members of the Bank in accordance with the quotas specified in Annex B.

(d) Payment of the quotas shall be made as follows:

- (i) Fifty percent of its quotas shall be paid by each member at any time on or after the date on which this Agreement is signed, and the instrument of acceptance or ratification deposited, on its behalf in accordance with Article XXII, Section 1, but not later than September 30, 1960.
- (ii) The remaining 50 per cent shall be paid at any time subsequent to one year after the Bank has begun operations, in such amounts and at such times as are determined by the Bank; provided however, that the total amount of all quotas shall be made due and payable not later than the date fixed for payment of the third instalment of the subscriptions to the paid-in capital stock of the Bank;
- (iii) The payments required under this section shall be distributed among the members in proportion to their quotas and shall be made one-half in gold and/or United States dollars, and one-half in the currency of the contributing member.

(e) Each payment of a member in its own currency under the preceding paragraph shall be in such amount as, in the opinion of the Bank, is equivalent to the full value, in terms of United States dollars of the weight and fineness in effect on January 1, 1959, of the portion of the quota being paid. The initial payment shall be in such amount as the member considers appropriate hereunder but shall be subject to such adjustment, to be effected within 60 days of the date on which payment was due, as the Bank shall determine to be necessary to constitute the full dollar value equivalent as provided in this paragraph.

(f) Unless otherwise determined by the Board of Governors by a three-fourths majority of the total voting powers of the member countries, the liability of members for payment of any call on the unpaid portion of their subscription quotas to the Fund shall be conditional upon payment of not less than 90 per cent of the total obligations of the members for:

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<sup>5</sup> The Board of Governors increased the authorised resources of the Fund for Special Operations on January 28, 1964, to two hundred and twenty-three million one hundred and fifty-eight thousand dollars (\$223,158,000); on March 31, 1965, to one billion one hundred and twenty-three million one hundred and fifty-eight thousand dollars (\$1,123,158,000); and on December 29, 1967, to two billion three hundred and twenty-three million, one hundred and fifty-eight thousand dollars (\$2,323,158,000)

- (i) the initial payment and all prior calls on such quota subscriptions to the Fund; and
- (ii) any instalments due on the paid-in portion of the subscriptions to the capital stock of the Bank.

(g) The resources of the Fund shall be increased through additional contributions by the members when the Board of Governors considers it advisable by a three-fourths majority of the total voting power of the member countries. The provisions of Article II, Section 3(b) shall apply to the such increases, in terms of the proportion between the quota in effect for each member and the total amount of the resources of the Fund contributed by members.

(h) As used in this Agreement, the term “resources of the Fund” shall be deemed to include the following:

- (i) contributions by members pursuant to paragraphs (c) and (g) of this section and of Articles IX, X and XI;
- (ii) all funds raised by borrowing to which the commitment stipulated in Article II, Section 4(a)(ii) is not applicable, i.e. those that are specifically chargeable to the resources of the Fund;
- (iii) all funds received in repayment of loans made from the resources mentioned above;
- (iv) all income derived from operations using or committing any of the resources mentioned above; and
- (v) any other resources at the disposal of the Fund.

*S.I. 11/1984.  
S.I. 68/1989.*

*Operations.*

**Section 4.** (a) The operations of the Fund shall be those financed from its own resources, as defined in Section 3(h) of the present article.

(b) Loans made with resources of the Fund may be partially or wholly repayable in the currency of the member in whose territory the project being financed will be carried out. The part of the loan not repayable in the currency of the member shall be paid in the currency or currencies in which the loan was made.

*Limitation on  
Liability.*

**Section 5.** In the operations of the Fund, the financial liability of the Bank shall be limited to the resources and reserves of the Fund, and the liability of members shall be limited to the unpaid portion of their respective quotas that has become due and payable.

*Limitation on  
Disposition of  
Quotas.*

**Section 6.** The rights of members of the Bank resulting from their contributions to the Fund may not be transferred or encumbered, and members shall have no right of reimbursement of such contributions except in cases of loss of the status of membership or of termination of the operations of the Fund.

*Discharge of  
Fund Liabilities  
on Borrowings.*

**Section 7.** Payments in satisfaction of any liability on borrowings of funds for inclusion in the resources of the Fund shall be charged:

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- (i) first, against any reserve established for this purpose; and
  - (ii) then, against any other funds available in the resources of the Fund.

**Section 8.** (a) Subject to the provisions of this Agreement, the authorities of the Bank shall have full powers to administer the Fund. *Administration.*

(b) There shall be a Vice President of the Bank in charge of the Fund. The Vice President shall participate in the meetings of the Board of Executive Directors of the Bank, without vote, whenever matters relating to the Fund are discussed.

(c) In the operations of the Fund the Bank shall utilise to the fullest extent possible the same personnel, experts, installations, offices, equipment, and services as it uses for its ordinary operations.

(d) The Bank shall publish a separate annual report showing the results of the Fund's financial operations, including profits or losses. At the annual meeting of the Board of Governors there shall be at least one session devoted to consideration of this report. In addition, the Bank shall transmit to the members a quarterly summary of the Fund's operations.

**Section 9.** (a) In making decisions concerning operations of the Fund, each member country of the Bank shall have the voting power in the Board of Governors accorded to it pursuant to Article XV, Section 4(a) and (b), and each Director shall have the voting power in the Board of Executive Directors accorded to him pursuant to Article XV, Section 4(a) and (c). *Voting.*

(b) All decisions of the Bank concerning the operations of the Fund shall be adopted by a two-thirds majority of the total voting power of the member countries, unless otherwise provided in this article.

**Section 10.** The Board of Governors of the Bank shall determine what portion of the net profits of the Fund shall be distributed among the members after making provision for reserves. Such net profits shall be shared in proportion to the quotas of the members. *Distribution of Net Profits.*

**Section 11.** (a) No country may withdraw its contribution and terminate its relations with the Fund while it is still a member of the Bank. *Withdrawal of Contributions.*

(b) The provisions of Article XVI, Section 3, with respect to the settlement of accounts with countries that terminate their membership in the Bank also shall apply to the Fund.

**Section 12.** The provisions of Article XVII also shall apply to the Fund with substitution of terms relating to the Fund and its resources and respective creditors for those relating to the Bank and its ordinary capital resources and respective creditors. *Suspension and Termination.*

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*S.I. 10/1980.*

## ARTICLE IX

### *Additional Funds for Special Reserve*

*Increase in the  
Resources of the  
Fund.*

**Section 1.** (a) Subject to the provisions of this article, the resources of the Fund for Special Operations shall be increased in the equivalent of US\$1,750,000,000 through additional contributions by the members as set out in Annex E.

(b) None of the additional contributions shall become payable unless on or before December 20, 1979 or such later date as the Board of Executive Directors shall determine, member countries shall have deposited with the Bank appropriate instruments setting forth their agreement, subject to such legal requirements as may be appropriate in the respective countries, to contribute not less than the equivalent of US\$1,315,000,000 to the increase in the Fund for Special Operations in accordance with terms of this article.

*Contributions.*

**Section 2.** (a) Each regional member shall make such additional contribution in its own currency or in United States dollars and each non-regional member shall make such additional contribution in its own currency. Canada, Trinidad and Tobago, the United States, Venezuela and the non-regional members shall make arrangements satisfactory to the Bank to assure that all of their respective currencies so contributed to the increase shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations. Argentina, Brazil and Mexico shall make arrangements satisfactory to the Bank to assure that 50 percent of the respective national currencies derived from their contributions to the increase shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations and half of the respective national currencies derived from the remaining 50 percent shall be made available in the same or in an alternative form which ensures that the Bank shall have at its disposition an equivalent amount of resources usable for purposes other than the financing of local costs.

(b) Except where the Board of Executive Directors may agree prior to October 31, 1979 to alternative instalment schedules proposed by individual members, to take into account special circumstances, the additional contributions shall be made in four equal instalments, which shall be payable, respectively, on December 20, 1979 and on October 31 in each of the years 1980 through 1982, or such later dates as the Board of Executive Directors shall determine, provided, however, that countries which became members of the Bank after December 31, 1976 shall have the right to make their contributions in four equal instalments, which shall be payable, respectively, on October 31 in each of the years 1980 through 1983, or such later dates as the Board of Executive Directors shall determine.

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(c) The Bank may accept non-negotiable non-interest-bearing promissory notes or similar securities in the form contemplated in Article XII, Section 4, in lieu of the immediate payment of all or any part of a member's contribution to each instalment, provided that the Board of Executive Directors, taking into account the purposes of the increase of the resources of the Fund for Special Operations and the disbursement requirements of the loans to which the funds are committed, shall establish a schedule pursuant to which such promissory notes or securities shall be paid to the Bank.

(d) If a member is unable to pay the full amount due for any instalment, the member shall consult with the Bank to establish a mutually acceptable revised payment schedule under which the shortfall will be made up in the next subsequent instalment or instalments. Should the shortfall lead to a significant disparity between the relative proportions of the contributions made by the member or members unable to pay the full amount of an instalment and those members which have contributed the full amount of the respective instalment, the latter members may, after consultation with the Bank, require a commensurate modification in the amount of their contributions to the next and subsequent instalments. If, as a result of such commensurate modification, it will not be possible to complete the subsequent instalments, then members shall consult with the Bank concerning the appropriate measures to be taken by the Board of Executive Directors in order to adjust contributions and/or instalments.

(e) If, in the course of the increase in the resources of the Fund for Special Operations, delays or re-adjustments in the making of contributions prevent, or appear likely to prevent the substantial attainment of the goals of the increase, the Bank will convene a meeting of representatives of the member countries to review the situation and consider ways of obtaining the necessary contributions.

(f) Each payment of a member shall be in such an amount as, in the opinion of the Bank, is equivalent to the full value, in terms of the current United States dollar on the date when the payment is due.

(g) Currencies of all the members held by the Bank which are derived from these additional contributions shall be subject to the maintenance of value provisions of Article XII, Section 3, but the standard of value set for this purpose shall be the current United States dollar at any given time.

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S.I. 11/1984.

## ARTICLE X

### *Additional Funds for Special Reserve*

*Increase in the Resources of the Fund.*

**Section 1.** (a) Subject to the provisions of this Article, the resources of the Fund for Special Operations shall be increased in the equivalent of US\$702,576,000 through additional contributions by the members.

(b) None of the contributions to the Fund would become payable unless on or before October 31, 1983, or such later date as the Board of Executive Directors shall determine, member countries shall have deposited with the Bank instruments of contribution representing unqualified and qualified contributions totalling not less than the equivalent of US\$527,000,000 to the increase in the Fund.

*Contributions.*

**Section 2.** (a) Each member may make its contributions to the Fund in any one of the freely convertible currencies designated by the Bank. Each member country, which has not yet done so, is requested to designate, either directly or through its Executive Director, its unit of obligation, as soon as possible and at the latest when it submits its instrument of contribution. In the event the SDR is so designated, the country shall also designate the freely convertible currency it will use to make payment.

(b) The additional contributions shall be made in four equal instalments, which shall be payable, respectively, on October 31 in each of the years 1983 through 1986, or such later dates as the Board of Executive Directors shall determine, provided, however, that such countries as approved by the respective Resolution shall have the right to make their contributions in three equal instalments, which shall be payable, respectively, on October 31 in each of the years 1984 through 1986, or such later dates as the Board of Executive Directors shall determine or upon any other instalment schedule not less favourable to the Bank.

(c) The Bank may accept promissory notes in lieu of the immediate payment of all or any part of a member's contribution to each instalment.

S.I. 68/1989.

## ARTICLE XI

### *Additional Funds for Special Reserve*

*Increase in the Resources of the Fund.*

**Section 1.** Subject to the provisions of this Article, the resources of the Fund for Special Operations shall be increased through additional contributions by the members in amounts not less than those indicated for the respective members, in terms of the applicable unit of obligation as set out in Annex G.

*Instrument of Contribution.*

**Section 2.** (a) To make a contribution under this Article, the member shall deposit with the Bank an Instrument of Contribution formally confirming the member's intention to contribute and



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specifying the applicable unit of obligation and the amount of its contribution in the applicable unit of obligation as set out in Annex G.

(b) Subject to the provisions of Section 2(c) below, the Instrument of Contribution shall constitute an unqualified commitment by the member to the Bank to make payment of the contribution in the manner and on the terms set forth in or contemplated by this Article. For the purposes of this Article, a contribution covered by such an Instrument shall be called an Unqualified Contribution.

(c) As an exceptional case, where an unqualified contribution commitment cannot be given by a member due to its legislative practice, the Bank may accept from that member an Instrument of Contribution which contains the qualification that payment of all instalments of the contribution is subject to subsequent budgetary appropriations. Such an Instrument, however, shall include an undertaking to seek the necessary appropriations, at the rate specified in Section 5(b) below, during the period of the increase and to notify the Bank as soon as each such appropriation is obtained. For the purposes of this Article, a contribution covered by such an Instrument shall be called a Qualified Contribution, and it shall be deemed to be unqualified to the extent that appropriations have been obtained.

**Section 3.** (a) None of the contributions shall become payable unless on or before December 31, 1989, or such later date as the Board of Executive Directors shall determine, member countries shall have deposited with the Bank Instruments of Contribution representing Unqualified and Qualified Contributions totalling not less than the equivalent of US\$150,000,000 of the increase in the Fund for Special Operations.

*Entry into Effect.*

(b) Instruments of Contribution deposited on or before the effective date of the increase shall take effect on that date, and Instruments of Contribution deposited after such date shall take effect on their respective dates of deposit.

**Section 4.** (a) Each member shall make its contributions in one of the freely convertible currencies designated by the Bank for the purposes of this Article.

*Contributions.*

(b) The contributions shall be made in four equal instalments, which shall be effective, respectively, on October 31 in each of the years 1990 through 1993, or such later dates as the Board of Executive Directors shall determine, and payments for each instalment of the Unqualified Contributions are due within 30 days of the respective effective dates established hereunder. Payments in respect of a Qualified Contribution shall be made within 30 days as and to the extent that each instalment has become unqualified and should be made on the respective annual payment dates specified in the foregoing provisions of this paragraph.

(c) The Bank may accept non-negotiable non-interest bearing promissory notes or similar securities in the form contemplated in Article XII, Section 4, in lieu of the immediate payment of all or any part of a member's contribution to each instalment, provided that the Board of Executive Directors, taking into account the purposes of the increase of the resources of the Fund for Special Operations and the disbursement requirements of the loans to which the funds are committed, shall establish a schedule pursuant to which such promissory notes or securities shall be paid to the Bank.

(d) The payments of each member shall total the amount, in terms of the applicable unit of obligation, as indicated for the respective member in Annex G.

(e) Currencies of all the members held by the Bank which are derived from these additional contributions shall not be subject to the maintenance of value provisions of Article XII, Section 3.

(f) Notwithstanding the foregoing provisions of Section 4, no member shall be obligated to make any payment in respect of its contribution except to the extent that its contribution has become available for loan commitments as specified in Section 5 below.

*Conditions of  
Loan  
Commitment.*

**Section 5.** (a) For the purpose of loan commitments by the Bank, each Unqualified Contribution shall be divided into four equal tranches and, subject to Section 4(b) and Section 6 thereof shall become available for loan commitments as follows:

- (i) the first tranche: as from October 31, 1990 or on such subsequent date the relevant instrument of Contribution takes effect;
- (ii) the second tranche: as from October 31, 1991;
- (iii) the third tranche: as from October 31, 1992;
- (iv) the fourth tranche: as from October 31, 1993;

(b) Each Qualified Contribution (unless it has become unqualified as scheduled) shall become available for loan commitments as and to the extent that it has become unqualified, which should occur at the rate of one-fourth of its total amount in each of the four years covered by the increase on the dates provided for pursuant to Section 4(b) hereof.

*Limiting  
Commitments.*

**Section 6.** If there are Qualified Contributions which have not been made unqualified at the rate, to the extent and on the dates specified in Section 5(b) above with respect to the second, third and fourth instalments, the Bank shall promptly notify all member countries, and member countries which have made Unqualified Contributions, or whose Qualified Contributions have become unqualified at the rate, to the extent and on the dates specified in Section 5(b) above may, after consultation with the Board of Executive Directors of the Bank, notify the Bank in writing that the Bank should refrain from making loan commitments against their

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contributions to the respective instalment. The maximum amount of such reduced loan commitments shall be in proportion to the extent that the respective instalment of the relevant Qualified Contribution has not become unqualified.

**Section 7.** If, in the course of the increase in the resources of the Fund for Special Operations, delays or readjustments in the making of contributions or their availability for loan commitments prevent, or appear likely to prevent, the substantial attainment of the goals of the increase, the Bank will convene a meeting of representatives of the member countries to review the situation and consider ways of obtaining the necessary contributions.

*Meeting of  
Member  
Countries.*

## ARTICLE XII

### *Currencies*

**Section 1.** (a) The currency of any member held by the Bank, either in its ordinary capital resources or in the resources of the Fund, however acquired, may be used by the Bank and by any recipient from the Bank, without restriction by the member, to make payments for goods and services produced in the territory of such member.

*Use of  
Currencies.*

(b) Members may not maintain or impose restrictions of any kind upon the use by the Bank or by any recipient from the Bank, for payments in any country, of the following:

- (i) gold and dollars received by the Bank in payment of the 50 per cent portion of each member's subscription to shares of the Bank's capital and of the 50 per cent portion of each member's quota for contribution to the Fund, pursuant to the provisions of Article II and Article VIII, respectively;
- (ii) currencies of members purchased with the gold and dollar funds referred to in (i) of this paragraph;
- (iii) currencies obtained by borrowings, pursuant to the provisions of Article XIV, Section 1(i), for inclusion in the ordinary capital resources of the Bank;
- (iv) gold and dollars received by the Bank in payment on account of principal, interest, and other charges, of loans made from the gold and dollar funds referred to in (i) of this paragraph; currencies received in payment of principal, interest, and other charges, of loans made from currencies referred to in (ii) and (iii) of this paragraph; and currencies received in payment of commissions and fees on all guarantees made by the Bank; and
- (v) currencies, other than the member's own currency, received from the Bank pursuant to Article XIV, Section 4(c) and Article VIII, Section 10, in distribution of net profits.

(c) A member's currency held by the Bank, either in its ordinary capital resources or in the resources of the Fund, not covered by paragraph (b) of this section, also may be used by the Bank or any recipient from the Bank for payments in any country without restriction of any kind, unless the member notifies the Bank of its desire that such currency or a portion thereof be restricted to the uses specified in paragraph (a) of this section.

(d) Members may not place any restrictions on the holding and use by the Bank, for making amortisation payments or anticipating payment of, or repurchasing part or all of, the Bank's own obligations, of currencies received by the Bank in repayment of direct loans made from borrowed funds included in the ordinary capital resources of the Bank.

(e) Gold or currency held by the Bank in its ordinary capital resources or in the resources of the Fund shall not be used by the Bank to purchase other currencies unless authorised by a two-thirds majority of the total voting power of the member countries.

*Valuation of  
Currencies.*

**Section 2.** Whenever it shall become necessary under this Agreement to value any currency in terms of another currency, or in terms of gold, such valuation shall be determined by the Bank after consultation with the International Monetary Fund.

*Maintenance of  
Value of the  
Currency  
Holdings of the  
Bank.*

**Section 3.** (a) Whenever the par value in the International Monetary Fund of a member's currency is reduced or the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value of all the currency of the member held by the Bank in its ordinary capital resources, or in the resources of the Fund, excepting currency derived from borrowings by the Bank. The standard of value for this purpose shall be the United States dollar of the weight and fineness in effect on January 1, 1959.

(b) Whenever the par value in the International Monetary Fund of a member's currency is increased or the foreign exchange value of such member's currency has, in the opinion of the Bank, appreciated to a significant extent, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency which is held by the Bank in its ordinary capital resources or in the resources of the Fund, excepting currency derived from borrowings by the Bank. The standard of value for this purpose shall be the same as that established in the preceding paragraph.

(c) The provisions of this section may be waived by the Bank when a uniform proportionate change in the par value of the currencies of all the Bank's members is made by the International Monetary Fund.

**Section 4.** The Bank shall accept from any member promissory notes or similar securities issued by the government of the member, or by the depository designated by such member, in lieu of any part of the currency of the member representing the 50 per cent portion of its subscription to the Bank's authorised capital and the 50 per cent portion of its subscription to the resources of the Fund, which, pursuant to the provisions of Article II and Article VIII, respectively, are payable by each member in its national currency, provided such currency is not required by the Bank for the conduct of its operations. Such promissory notes or securities shall be non-negotiable, non-interest-bearing, and payable to the Bank at their par value on demand.

*Methods of  
Conserving  
Currencies.*

### ARTICLE XIII

#### *Technical Assistance*

**Section 1.** The Bank may, at the request of any member or members, or of private firms that may obtain loans from it, provide technical advice and assistance in its field of activity, particularly on:

*Miscellaneous  
Powers of the  
Bank.*

- (i) the preparation, financing, and execution of development plans and projects, including the consideration of priorities, and the formulation of loan proposals on specific national or regional development projects; and
- (ii) the development and advanced training, through seminars and other forms of instruction, of personnel specialising in the formulation and implementation of development plans and projects.

**Section 2.** In order to accomplish the purpose of this article, the Bank may enter into agreements on technical assistance with other national or international institutions, either public or private.

*Co-operative  
Agreements on  
Technical  
Assistance.*

**Section 3.** (a) The Bank may arrange with member countries or firms receiving technical assistance, for reimbursement of the expenses of furnishing such assistance on terms which the Bank deems appropriate.

*Expenses.*

(b) The expenses of providing technical assistance not paid by the recipients, shall be met from the net income of the Bank or of the Fund. However, during the first three years of the Bank's operations, up to three per cent, in total, of the initial resources of the Fund may be used to meet such expenses.

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**ARTICLE XIV***Miscellaneous Powers and Distribution of Profits*

*Miscellaneous  
Powers of the  
Bank.*

**Section 1.** In addition to the powers specified elsewhere in this Agreement, the Bank shall have the power to:

- (i) borrow funds and in that connection to furnish such collateral or other security therefor as the Bank shall determine, provided that, before making a sale of its obligations in the markets of a country, the Bank shall have obtained the approval of that country and of the member in whose currency the obligations are denominated. In addition, in the case of borrowings of funds to be included in the Bank's ordinary capital resources, the Bank shall obtain agreement of such countries that the proceeds may be exchanged for the currency of any other country without restriction;
- (ii) buy and sell securities it has issued or guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the country in whose territories the securities are to be bought or sold;
- (iii) with the approval of a two-thirds majority of the total voting power of the member countries, invest funds not needed in its operations in such obligations as it may determine;
- (iv) guarantee securities in its portfolio for the purpose of facilitating their sale; and
- (v) exercise such other powers as shall be necessary or desirable in Furtherance of its purpose and functions, consistent with the provisions of this Agreement.

*Warning to be  
Placed on  
Securities.*

**Section 2.** Every security issued or guaranteed by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government, unless it is in fact the obligation of a particular government, in which case it shall so state.

*Methods of  
Meeting  
Liabilities of the  
Bank in Case of  
Defaults.*

**Section 3.** (a) The Bank, in the event of actual or threatened default on loans made or guaranteed by the Bank using its ordinary capital resources, shall take such action as it deems appropriate with respect to modifying the terms of the loan, other than the currency of repayment.

(b) The payments in discharge of the Bank's liabilities on borrowings or guarantees under Article VII, Section 4(ii) and (iii) chargeable against the ordinary capital resources of the Bank shall be charged:

- (i) first, against the special reserve provided for in Article VII, Section 13; and
- (ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus, and funds corresponding to the capital paid in for shares.

(c) Whenever necessary to meet contractual payments of interest, other charges, or amortisation on the Bank's borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it chargeable to its ordinary capital resources, the Bank may call upon the members to pay an appropriate amount of their callable capital subscriptions, in accordance with Article II, Section 4(a)(ii). Moreover, if the Bank believes that a default may be of a long duration, it may call an additional part of such subscriptions not to exceed in any one year one per cent of the total subscriptions of the members, for the following purposes:

- (i) to redeem prior to maturity, or otherwise discharge its liability on, all or part of the outstanding principal of any loan guaranteed by it in respect of which the debtor is in default; and
- (ii) to repurchase, or otherwise discharge its liability on, all or part of its own outstanding obligations.

**Section 4.** (a) The Board of Governors may determine periodically what part of the net profits and of the surplus shall be distributed. Such distributions may be made only when the reserves have reached a level which the Board of Governors considers adequate.

*Distribution of  
Net Profits and  
Surplus.*

(b) The distributions referred to in the preceding paragraph shall be made in proportion to the number of shares held by each member.

(c) Payments shall be made in such manner and in such currency or currencies as the Board of Governors shall determine. If such payments are made to a member in currencies other than its own, the transfer of such currencies and their use by the receiving country shall be without restriction by any member.

## ARTICLE XV

### *Organisation and Management*

**Section 1.** The Bank shall have a Board of Governors, a Board of Executive Directors, a President, an Executive Vice President, a Vice President in charge of the Fund, and such other officers and staff as may be considered necessary.

*Structure of the  
Bank.*

**Section 2.** (a) All the powers of the Bank shall be vested in the Board of Governors. Each member shall appoint one governor and one alternate, who shall serve for five years, subject to termination of appointment at any time, or to reappointment, at the pleasure of the appointing member. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman, who shall hold office until the next regular meeting of the Board.

*Board of  
Governors.*

(b) The Board of Governors may delegate to the Board of Executive Directors all its powers except power to:

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- (i) admit new members and determine the conditions of their admission;
  - (ii) increase or decrease the authorised capital stock of the Bank and contributions to the Fund;
  - (iii) elect the President of the Bank and determine his remuneration;
  - (iv) suspend a member, pursuant to Article XVI, Section 2;
  - (v) determine the remuneration of the executive directors and their alternates;
  - (vi) hear and decide any appeals from interpretations of this Agreement given by the Board of Executive Directors;
  - (vii) authorise the conclusion of general agreements for co-operation with other international organisations;
  - (viii) approve, after reviewing the auditors' report, the general balance sheet and the statement of profit and loss of the institution;
  - (ix) determine the reserves and the distribution of the net profits of the Bank and of the Fund;
  - (x) select outside auditors to certify to the general balance sheet and the statement of profit and loss of the institution;
  - (xi) amend this Agreement; and
  - (xii) decide to terminate the operations of the Bank and to distribute its assets.

(c) The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Executive Directors under paragraph (u) above.

(d) The Board of Governors shall, as a general rule, hold a meeting annually. Other meetings may be held when the Board of Governors so provides or when called by the Board of Executive Directors. Meetings of the Board of Governors also shall be called by the Board of Executive Directors, whenever requested by five members of the Bank or by members having one-fourth of the total voting power of the member countries.

(e) A quorum for any meeting of the Board of Governors shall be an absolute majority of the total number of governors, representing not less than two-thirds of the total voting power of the member countries.

(f) The Board of Governors may establish a procedure whereby the Board of Executive Directors, when it deems such action appropriate, may submit a specific question to a vote of the governors without calling a meeting of the Board of Governors.

(g) The Board of Governors, and the Board of Executive Directors to the extent authorised, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.



(h) Governors and alternates shall serve as such without compensation from the Bank, but the Bank may pay them reasonable expenses incurred in attending meetings of the Board of Governors.

**Section 3.** (a) The Board of Executive Directors shall be responsible for the conduct of the operations of the Bank, and for this purpose may exercise all the powers delegated to it by the Board of Governors.

*Board of  
Executive  
Directors.*

(b) There shall be seven executive directors, who shall not be governors, and of whom:

- (i) one shall be appointed by the member having the largest number of shares in the Bank;
- (ii) six shall be elected by the governors of the remaining members pursuant to the provisions of Annex C of this Agreement.

Executive directors shall be appointed or elected for terms of three years and may be re-appointed or re-elected for successive terms. They shall be persons of recognised competence and wide experience in economic and financial matters.

(c) Each executive director shall appoint an alternate who shall have full power to act for him when he is not present. Directors and alternates shall be citizens of the member countries. None of the elected directors and their alternates may be of the same citizenship. Alternates may participate in meetings but may vote only when they are acting in place of their principals.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than 180 days before the end of his term, a successor shall be elected for the remainder of the term by the governors who elected the former director. An absolute majority of the votes cast shall be required for election. While the office remains vacant, the alternate shall have all the powers of the former director except the power to appoint an alternate.

(e) The Board of Executive Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(f) A quorum for any meeting of the Board of Executive Directors shall be an absolute majority of the total number of directors representing not less than two-thirds of the total voting power of the member countries.

(g) A member of the Bank may send a representative to attend any meeting of the Board of Executive Directors when a matter especially affecting that member is under consideration. Such right of representation shall be regulated by the Board of Governors.

(h) The Board of Executive Directors may appoint such committees as it deems advisable. Membership of such committees need not be limited to governors, directors, or alternates.

(i) The Board of Executive Directors shall determine the basic organisation of the Bank, including the number and general responsibilities of the chief administrative and professional positions of the staff, and shall approve the budget of the Bank.

(j) Upon the admission to the Bank of new members, having votes totalling not less than 22,000, the Board of Governors may, by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries, increase by one the number of Executive Directors to be elected.<sup>6</sup>

*Voting.*

**Section 4.** (a) Each member country shall have 135 votes plus one vote for each share of capital stock of the Bank held by that country.

(b) In voting in the Board of Governors, each governor shall be entitled to cast the votes of the member country which he represents. Except as otherwise specifically provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the total voting power of the member countries.

(c) In voting in the Board of Executive Directors:

- (i) the appointed director shall be entitled to cast the number of votes of the member country which appointed him;
- (ii) each selected director shall be entitled to cast the number of votes that counted toward his election, which votes shall be cast as a unit; and
- (iii) except as otherwise specifically provided in this Agreement, all matters before the Board of Executive Directors shall be decided by a majority of the total voting power of the member countries.

*President,  
Executive Vice  
President, and  
Staff.*

**Section 5.** (a) The Board of Governors, by an absolute majority of the total number of governors representing not less than a majority of the total voting power of the member countries, shall elect a President of the Bank who, while holding office, shall not be a governor or an executive director or alternate for either.

Under the direction of the Board of Executive Directors, the President of the Bank shall conduct the ordinary business of the Bank and shall be chief of its staff. He also shall be the presiding officer at meetings of the Board of Executive Directors, but shall have no vote, except that it shall be his duty to cast a deciding vote when necessary to break a tie.

<sup>6</sup> This subsection was added by action of the Board of Governors on January 28, 1964.

The President of the Bank shall be the legal representative of the Bank. The term of office of the President of the Bank shall be five years, and he may be re-elected to successive terms. He shall cease to hold office when the Board of Governors so decides by a majority of the total voting power of the member countries.

(b) The Executive Vice President shall be appointed by the Board of Executive Directors on the recommendation of the President of the Bank. Under the direction of the Board of Executive Directors and the President of the Bank, the Executive Vice President shall exercise such authority and perform such functions in the administration of the Bank as may be determined by the Board of Executive Directors. In the absence or incapacity of the President of the Bank, the Executive Vice President shall exercise the authority and perform the functions of the President.

The Executive Vice President shall participate in meetings of the Board of Executive Directors but shall have no vote at such meetings except that he shall cast the deciding vote, as provided in paragraph (a) of this section, when he is acting in place of the President of the Bank.

(c) In addition to the Vice President referred to in Article VIII, Section 8(b), the Board of Executive Directors may, on recommendation of the President of the Bank, appoint other Vice Presidents who shall exercise such authority and perform such functions as the Board of Executive Directors may determine.

(d) The President, officers, and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and shall recognise no other authority. Each member of the Bank shall respect the international character of this duty.

(e) The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.

(f) The Bank, its officers and employees shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purpose and functions stated in Article I.

**Section 6.** (a) The Bank shall publish an annual report containing an audited statement of the accounts. It shall also transmit quarterly to the members a summary statement of the financial position and a profit-and-loss statement showing the results of its ordinary operations.

*Publication of  
Reports and  
Provision of  
Information.*

(b) The Bank may also publish such other reports as it deems desirable to carry out its purpose and functions.

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**ARTICLE XVI***Withdrawal and Suspension of Members**Right to  
Withdraw.*

**Section 1.** Any member may withdraw from the Bank by delivering to the Bank at its principal office written notice of its intention to do so. Such withdrawal shall become finally effective on the date specified in the notice but in no event less than six months after the notice is delivered to the Bank. However, at any time before the withdrawal becomes finally effective, the member may notify the Bank in writing of the cancellation of its notice of intention to withdraw.

After withdrawing, a member shall remain liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of the withdrawal notice, including those specified in Section 3 of this article. However, if the withdrawal becomes finally effective, the member shall not incur any liability for obligations resulting from operations of the Bank effected after the date on which the withdrawal notice was received by the Bank.

*Suspension of  
Membership.*

**Section 2.** If a member fails to fulfil any of its obligations to the Bank, the Bank may suspend its membership by decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

The member so suspended shall automatically cease to be a member of the Bank one year from the date of its suspension unless the Board of Governors decides by the same majority to terminate the suspension.

While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all its obligations.

*Settlement of  
Accounts.*

**Section 3.** (a) After a country ceases to be a member, it no longer shall share in the profits or losses of the Bank, nor shall it incur any liability with respect to loans and guarantees entered into by the Bank, thereafter. However, it shall remain liable for all amounts it owes the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted by the Bank before the date on which the country ceased to be a member remains outstanding.

(b) When a country ceases to be a member, the Bank shall arrange for the repurchase of such country's capital stock as a part of the settlement of accounts pursuant to the provisions of this section; but the country shall have no other rights under this Agreement except as provided in this section and in Article XX, Section 2.

(c) The Bank and the country ceasing to be a member may agree on the repurchase of the capital stock on such terms as are deemed appropriate in the circumstances, without regard to the provisions of the following paragraph. Such agreement may provide, among other things, for a final settlement of all obligations of the country to the Bank.

(d) If the agreement referred to in the preceding paragraph has not been consummated within six months after the country ceases to be a member or such other time as the Bank and such country may agree upon, the repurchase price of such country's capital stock shall be its book value, according to the books of the Bank, on the date when the country ceased to be a member. Such repurchase shall be subject to the following conditions:

- (i) As a prerequisite for payment, the country ceasing to be a member shall surrender its stock certificates, and such payment may be made in such instalments, at such times and in such available currencies as the Bank determines, taking into account the financial position of the Bank.
- (ii) Any amount which the Bank owes the country for the repurchase of its capital stock shall be withheld to the extent that the country or any of its subdivisions or agencies remains liable to the Bank as a result of loan or guarantee operations. The amount withheld may, at the option of the Bank, be applied on any such liability as it matures. However, no amount shall be withheld on account of the country's contingent liability for future calls on its subscription pursuant to Article II, Section 4(a)(ii).
- (iii) If the Bank sustains net losses on any loans or participations, or as a result of any guarantees, outstanding on the date the country ceased to be a member, and the amount of such losses exceeds the amount of the reserves provided therefor on such date, such country shall repay on demand the amount by which the repurchase price of its shares would have been reduced, if the losses had been taken into account when the book value of the shares, according to the books of the Bank, was determined. In addition, the former member shall remain liable on any call pursuant to Article II, Section 4(a)(ii), to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares had been determined.

(e) In no event shall any amount due to a country for its shares under this section be paid until six months after the date upon which the country ceases to be a member. If within that period the Bank terminates operations all rights of such country shall be determined by the provisions of Article XVII and such country shall be considered still a member of the Bank for the purposes of such article except that it shall have no voting rights.

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**ARTICLE XVII***Suspension and Termination of Operation*

*Suspension of  
Operations.*

**Section 1.** In an emergency the Board of Executive Directors may suspend operations in respect of new loans and guarantees until such time as the Board of Governors may have an opportunity to consider the situation and take pertinent measures.

*Termination of  
Operations.*

**Section 2.** The Bank may terminate its operations by a decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries. After such termination of operations the Bank shall forthwith cease all activities, except those incident to the conservation, preservation, and realisation of its assets and settlements of its obligations.

*Liability of  
Members and  
Payment of  
Claims.*

**Section 3.** (a) The liability of all members arising from the subscriptions to the capital stock of the Bank and in respect to the depreciation of their currencies shall continue until all direct and contingent obligations shall have been discharged.

(b) All creditors holding direct claims shall be paid out of the assets of the Bank and then out of payments to the Bank on unpaid or callable subscriptions. Before making any payments to creditors holding direct claims, the Board of Executive Directors shall make such arrangements as are necessary, in its judgment, to ensure a *pro rata* distribution among holders of direct and contingent claims.

*Distribution of  
Assets.*

**Section 4.** (a) No distribution of assets shall be made to members on account of their subscriptions to the capital stock of the Bank until all liabilities to creditors shall have been discharged or provided for. Moreover, such distribution must be approved by a decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

(b) Any distribution of the assets of the Bank to the members shall be in proportion to capital stock held by each member and shall be effected at such times and under such conditions as the Bank shall deem fair and equitable. The shares of assets distributed need not be uniform as to type of assets. No member shall be entitled to receive its share in such a distribution of assets until it has settled all of its obligations to the Bank.

(c) Any member receiving assets distributed pursuant to this article shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

**ARTICLE XVIII***Status, Immunities and Privileges*

*Scope of Article.*

**Section 1.** To enable the Bank to fulfil its purpose and the functions with which it is entrusted, the status, immunities and privileges set forth in this article shall be accorded to the Bank in the territories of each member.

**Section 2.** The Bank shall possess juridical personality and, in particular, full capacity: *Legal Status.*

- (a) to contract;
- (b) to acquire and dispose of immovable and movable property; and
- (c) to institute legal proceedings.

**Section 3.** Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. *Judicial Proceedings.*

No action shall be brought against the Bank by members or persons acting for or deriving claims from members. However, member countries shall have recourse to such special procedures to settle controversies between the Bank and its members as may be prescribed in this Agreement, in the bye-laws and regulations of the Bank or in contracts entered into with the Bank.

Property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

**Section 4.** Property and assets of the Bank, wheresoever located and by whomsoever held, shall be considered public international property and shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action. *Immunity of Assets.*

**Section 5.** The archives of the Bank shall be inviolable. *Inviolability of Archives.*

**Section 6.** To the extent necessary to carry out the purpose and functions of the Bank and to conduct its operations in accordance with this Agreement, all property and other assets of the Bank shall be free from restrictions, regulations, controls, and moratoria of any nature, except as may otherwise be provided in this Agreement. *Freedom of Assets from Restrictions.*

**Section 7.** The official communications of the Bank shall be accorded by each member the same treatment that it affords to the official communications of other members. *Privilege for Communications.*

**Section 8.** All governors, executive directors, alternates, officers, and employees of the Bank shall have the following privileges and immunities: *Personal Immunities and Privileges.*

- (a) Immunity from legal process with respect to acts performed by them in their official capacity, except when the Bank waives this immunity.
- (b) When not local nationals, the same immunities from immigration restrictions, alien registration requirements, and national service obligations and the same facilities as regards exchange provisions as are accorded by members to the representatives, officials, and employees of comparable rank of other members.

- (c) The same privileges in respect of travelling facilities as are accorded by members to representatives, officials, and employees of comparable rank of other members.

*Immunities from  
Taxation.*

**Section 9.** (a) The Bank, its property, other assets, income, and the operations and transactions it carries out pursuant to this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from any obligation relating to the payment, withholding, or collection of any tax, or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to executive directors, alternates, officials, or employees of the Bank who are not local citizens or other local nationals.

(c) No tax of any kind shall be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held:

- (i) which discriminates against such obligation or security solely because it is issued by the Bank; or
- (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

(d) No tax of any kind shall be levied on any obligation or security guaranteed by the Bank, including any dividend or interest thereon, by whomsoever held:

- (i) which discriminates against such obligation or security solely because it is guaranteed by the Bank; or
- (ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

*Implementation.*

**Section 10.** Each member, in accordance with its juridical system, shall take such action as is necessary to make effective in its own territories the principles set forth in this article, and shall inform the Bank of the action which it has taken on the matter.

## ARTICLE XIX

### *Amendments*

(a) This Agreement may be amended only by decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

(b) Notwithstanding the provisions of the preceding paragraph, the unanimous agreement of the Board of Governors shall be required for the approval of any amendment modifying:



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- (i) the right to withdraw from the Bank as provided in Article XVI, Section 1;
  - (ii) the right to purchase capital stock of the Bank and to contribute to the Fund as provided in Article II, Section 3(b) and in Article VIII, Section 3(g), respectively; and
  - (iii) the limitation on liability as provided in Article II, Section 3(d) and Article VIII, Section 5.

(c) Any proposal to amend this Agreement, whether emanating from a member or the Board of Executive Directors, shall be communicated to the Chairman of the Board of Governors, who shall bring the proposal before the Board of Governors. When an amendment has been adopted, the Bank shall so certify in an official communication addressed to all members. Amendments shall enter into force for all members three months after the date of the official communications unless the Board of Governors shall specify a different period.

## ARTICLE XX

### *Interpretation and Arbitration*

**Section 1.** (a) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Board of Executive Directors for decision. *Interpretation.*

Members especially affected by the question under consideration shall be entitled to direct representation before the Board of Executive Directors as provided in Article XV, Section 3(g).

(b) In any case where the Board of Executive Directors has given a decision under (a) above, any member may require that the question be submitted to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Bank may, so far as it deems it necessary, act on the basis of the decision of the Board of Executive Directors.

**Section 2.** If a disagreement should arise between the Bank and a country which has ceased to be a member, or between the Bank and any member after adoption of a decision, to terminate the operation of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Bank, another by the country concerned, and the third, unless the parties otherwise agree, by the Secretary-General of the Organisation of American States. If all efforts to reach a unanimous agreement fail, decisions shall be made by a majority vote of the three arbitrators. *Arbitration.*

The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

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**ARTICLE XXI***General Provisions*

*Principal Office.* **Section 1.** The principal office of the Bank shall be located in Washington, District of Columbia, United States of America.

*Relations with Other Organisations.* **Section 2.** The Bank may enter into arrangements with other organisations with respect to the exchange of information or for other purposes consistent with this Agreement.

*Channel of Communication.* **Section 3.** Each member shall designate an official entity for purposes of communication with the Bank on matters connected with this Agreement.

*Depositories.* **Section 4.** Each member shall designate its central bank as a depository in which the Bank may keep its holdings of such member's currency and other assets of the Bank. If a member has no central bank, it shall, in agreement with the Bank, designate another institution for such purpose.

**ARTICLE XXII***Final Provisions*

*Signature and Acceptance.* **Section 1.** (a) This Agreement shall be deposited with the General Secretariat of the Organisation of American States, where it shall remain open until December 31, 1959, for signature by the representatives of the countries listed in Annex A. Each signatory country shall deposit with the General Secretariat of the Organisation of American States an instrument setting forth that it has accepted or ratified this Agreement in accordance with its own laws and has taken the steps necessary to enable it to fulfil all of its obligations under this Agreement.

(b) The General Secretariat of the Organisation of American States shall send certified copies of this Agreement to the members of the Organisation and duly notify them of each signature and deposit of the instrument of acceptance or ratification made pursuant to the foregoing paragraph, as well as the date thereof.

(c) At the time the instrument of acceptance or ratification is deposited on its behalf, each country shall deliver to the General Secretariat of the Organisation of American States, for the purpose of meeting administrative expenses of the Bank, gold or United States dollars equivalent to one-tenth of one per cent of the purchase price of the shares of the Bank subscribed by it and of its quota in the Fund. This payment shall be credited to the member on account of its subscription and quota prescribed pursuant to Articles II, Section 4(a)(i), and IV, Section 3(d)(i). At any time on or after the date on which its instrument of acceptance or ratification is deposited, any member may make additional payments to be credited to the member on account of its subscription and quota prescribed pursuant to Articles II and VIII. The General Secretariat

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of the Organisation of American States shall hold all funds paid under this paragraph in a special deposit account or accounts and shall make such funds available to the Bank not later than the time of the first meeting of the Board of Governors held pursuant to Section 3 of this article. If this Agreement has not come into force by December 31, 1959, the General Secretariat of the Organisation of American States shall return such funds to the countries that delivered them.

(d) On or after the date on which the Bank commences operations, the General Secretariat of the Organisation of American States may receive the signature and the instrument of acceptance or ratification of this Agreement from any country whose membership has been approved in accordance with Article II, Section 1(b).

**Section 2.** (a) This Agreement shall enter into force when it has been signed and instruments of acceptance or ratification have been deposited, in accordance with Section 1(a) of this article, by representatives of countries whose subscriptions comprise not less than 85 per cent of the total subscriptions set forth in Annex A.

*Entry into Force.*

(b) Countries whose instruments of acceptance or ratification were deposited prior to the date on which the agreement entered into force shall become members on that date. Other countries shall become members on the dates on which their instruments of acceptance or ratification are deposited.

**Section 3.** (a) The Secretary-General of the Organisation of American States shall call the first meeting of the Board of Governors as soon as this Agreement enters into force under Section 2 of this article.

*Commencement of Operations.*

(b) At the first meeting of the Board of Governors arrangements shall be made for the selection of the executive directors and their alternates in accordance with the provisions of Article XV, Section 3, and for the determination of the date on which the Bank shall commence operations.

Notwithstanding the provisions of Article XV, Section 3, the governors, if they deem it desirable, may provide that the first term to be served by such directors may be less than three years.

S.I. 10/1980.

## ANNEX D

<b>Regional Members</b>	<b>Paid-in Shares</b>	<b>Callable Chares</b>	<b>Total Shares</b>	<b>Total Subscription Expressed United States Dollars</b>
Argentina	5,412	66,788	72,200	870,979,816
Bahamas	108	1,288	1,396	16,840,552
Barbados	72	792	864	10,422,804
Bolivia	432	5,364	5,796	69,919,656
Brazil	5,412	66,788	72,200	870,979,816
Canada	1,928	23,768	25,696	309,981,956
Chile	1,488	18,336	19,824	239,145,480
Colombia	1,488	18,324	19,812	239,000,720
Costa Rica	216	2,680	2,896	34,935,704
Dominican Republic	288	3,580	3,868	46,661,352
Ecuador	288	3,580	3,868	46,661,352
El Salvador	216	2,680	2,896	34,935,704
Guatemala	288	3,580	3,868	46,661,352
Guyana	84	992	1,076	12,980,252
Haiti	216	2,680	2,896	34,935,704
Honduras	216	2,680	2,896	34,935,704
Jamaica	288	3,580	3,868	46,661,352
Mexico	3,480	42,932	46,412	559,888,024
Nicaragua	216	2,680	2,896	34,935,704
Panama	216	2,680	2,896	34,935,704
Paraguay	216	2,680	2,896	34,935,704
Peru	732	8,944	9,676	116,725,772
Trinidad and Tobago	216	2,680	2,896	34,935,704
United States	17,092	210,804	227,896	2,749,207,988
Uruguay	588	7,152	7,740	93,370,964
Venezuela	<u>2,904</u>	<u>35,776</u>	<u>38,680</u>	<u>466,613,564</u>
<b>Total Regional Members</b>	<u>44,100</u>	<u>543,808</u>	<u>587,908</u>	<u>7,092,188,404</u>
<b>Non-regional Members</b>				
Austria	60	756	816	9,843,760
Belgium	148	1,868	2,016	24,319,880
Denmark	64	804	868	10,471,060
Finland	60	756	816	9,843,760
France	748	9,192	9,940	119,910,520
Germany, Federal Republic of	764	9,416	10,180	122,805,740
Israel	60	744	804	9,699,000

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Italy	748	9,192	9,940	119,910,520
Japan	832	10,256	11,088	133,759,336
Netherlands	112	1,400	1,512	18,239,908
Spain	748	9,192	9,940	119,910,520
Sweden	132	1,632	1,764	21,279,892
Switzerland	164	2,056	2,220	26,780,820
United Kingdom	748	9,192	9,940	119,910,520
Yugoslavia	<u>60</u>	<u>756</u>	<u>816</u>	<u>9,843,760</u>
Total Non-regional Members	<u>5,448</u>	<u>67,212</u>	<u>72,660</u>	<u>876,528,996</u>
Unassigned	<u>194</u>	<u>2,400</u>	<u>2,594</u>	<u>31,292,544</u>
Grand Total	<u>49,742</u>	<u>613,420</u>	<u>663,162</u>	<u>8,000,009,944</u>

**ANNEX E***S.I. 10/1980.*

<b>Regional Members</b>	<b>Contributions Expressed in U.S. Dollars</b>
Argentina	96,000,000
Bahamas	2,200,000
Barbados	300,000
Bolivia	7,900,000
Brazil	96,000,000
Canada	58,100,000
Chile	27,200,000
Colombia	27,200,000
Costa Rica	3,900,000
Dominican Republic	5,300,000
Ecuador	5,300,000
El Salvador	3,900,000
Guatemala	5,300,000
Guyana	1,700,000
Haiti	3,900,000
Honduras	3,900,000
Jamaica	5,300,000
Mexico	62,000,000
Nicaragua	3,900,000
Panama	3,900,000
Paraguay	3,900,000
Peru	13,400,000
Trinidad and Tobago	3,900,000
United States	700,000,000
Uruguay	10,600,000
Venezuela	<u>70,000,000</u>
Total Regional members	<u>1,225,000,000</u>

<b>Non-regional Members</b>	
Austria	5,900,000
Belgium	14,600,000
Denmark	6,300,000
Finland	5,900,000
France	71,800,000
Germany, Federal Republic of	73,600,000
Israel	5,800,000
Italy	71,800,000
Japan	80,100,000
Netherlands	10,900,000
Spain	71,800,000
Sweden	12,800,000
Switzerland	16,000,000
United Kingdom	71,800,000
Yugoslavia	<u>5,900,000</u>
Total non-regional members	<u>525,000,000</u>
Grand Total	<u>1,750,000,000</u>

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**ANNEX F**

<b>Regional Members</b>	<b>Paid-in Shares</b>	<b>Callable Shares</b>	<b>Total Shares</b>	<b>Total Subscriptions Expressed United States Dollars</b>
Argentina	6,352	247,700	254,052	3,064,739,124
Bahamas	124	4,788	4,912	59,255,580
Barbados	76	2,964	3,040	36,672,832
Bolivia	508	19,884	20,392	245,997,512
Brazil	6,352	247,700	254,052	3,064,739,124
Canada	2,400	93,556	95,956	1,157,558,716
Chile	1,744	68,012	69,756	841,496,792
Colombia	1,744	67,964	69,708	840,917,748
Costa Rica	256	9,940	10,196	122,998,756
Dominican Republic	340	13,268	13,608	164,159,188
Ecuador	340	13,268	13,608	164,159,188
El Salvador	256	9,940	10,196	122,998,756
Guatemala	340	13,268	13,608	164,159,188
Guyana	96	3,684	3,780	45,599,772
Haiti	256	9,940	10,196	122,998,756
Honduras	256	9,940	10,196	122,998,756
Jamaica	340	13,268	13,608	164,159,188
Mexico	4,084	159,224	163,308	1,970,055,012

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Nicaragua	256	9,940	10,196	122,998,756
Panama	256	9,940	10,196	122,998,756
Paraguay	256	9,940	10,196	122,998,756
Peru	852	33,192	34,044	410,687,492
Suriname	52	2,020	2,072	24,995,432
Trinidad & Tobago	256	9,940	10,196	122,998,756
United States	19,004	741,108	760,112	9,169,559,712
Uruguay	680	26,556	27,236	328,559,648
Venezuela	<u>3,404</u>	<u>132,708</u>	<u>136,112</u>	<u>1,641,977,908</u>
Total Regional Members	<u>50,880</u>	<u>1,983,652</u>	<u>2,034,532</u>	<u>24,543,439,204</u>
<b>Non-regional Members</b>				
Austria	44	1,692	1,736	20,942,120
Belgium	104	4,008	4,112	49,604,832
Denmark	48	1,800	1,848	22,293,224
Finland	44	1,692	1,736	20,942,120
France	528	20,592	21,120	254,779,692
Germany, Fed. Rep.	540	21,092	21,632	260,956,168
Israel	44	1,668	1,712	20,652,596
Italy	528	20,592	21,120	254,779,692
Japan	588	22,972	23,560	284,214,468
Netherlands	80	3,132	3,212	38,747,748
Norway	48	1,800	1,848	22,293,224
Portugal	12	544	556	6,707,268
Spain	528	20,592	21,120	254,779,692
Sweden	88	3,508	3,596	43,380,104
Switzerland	116	4,600	4,716	56,891,148
United Kingdom	528	20,592	21,120	254,779,692
Yugoslavia	<u>44</u>	<u>1,692</u>	<u>1,736</u>	<u>20,942,120</u>
Total Non-Regional Member	<u>3,912</u>	<u>152,568</u>	<u>156,480</u>	<u>1,887,685,908</u>
Subtotal	<u>54,792</u>	<u>2,136,220</u>	<u>2,191,012</u>	<u>26,431,125,112</u>
Unassigned	<u>143</u>	<u>5,567</u>	<u>5,710</u>	<u>68,882,199</u>
Grand Total	<u>54,935</u>	<u>2,141,787</u>	<u>2,196,722</u>	<u>26,500,007,311</u>

## ANNEX G

*S.I. 68/1989.*

<b>Regional Members</b>	<b>Contributions expressed in U.S. Dollars</b>
Argentina	11,352,000
Bahamas	258,000
Barbados	35,000
Bolivia	926,000
Brazil	11,352,000
Canada	11,069,000
Chile	3,190,000
Colombia	3,190,000
Costa Rica	457,000
Dominican Republic	621,000
Ecuador	621,000
El Salvador	457,000
Guatemala	621,000
Guyana	199,000
Haiti	457,000
Honduras	457,000
Jamaica	621,000
Mexico	7,947,000
Nicaragua	457,000
Panama	457,000
Paraguay	457,000
Peru	1,571,000
Suriname	152,000
Trinidad & Tobago	457,000
United States	82,304,000
Uruguay	1,243,000
Venezuela	<u>7,947,000</u>
Total Regional Members	<u>148,875,000</u>
 <b>Non-regional Members</b>	
Austria	566,000
Belgium	1,343,000
Denmark	604,000
Finland	566,000
France	6,901,000
Germany, Fed. Rep.	7,067,000
Israel	559,000
Italy	6,901,000
Japan	7,698,000
Netherlands	1,050,000



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Norway	604,000
Portugal	182,000
Spain	6,901,000
Sweden	1,175,000
Switzerland	1,541,000
United Kingdom	6,901,000
Yugoslavia	<u>566,000</u>
Total non-regional Members	<u>51,125,000</u>
Grand Total	<u>200,000,000</u>