

---

**CHAPTER 356****INTER-AMERICAN INVESTMENT CORPORATION**

## LIST OF AUTHORISED PAGES

1 - 6 LRO 1/2008

7 - 32 Original

**ARRANGEMENT OF SECTIONS**

## SECTION

1. Short title.
2. Interpretation.
3. Authorisation to sign and accept the Agreement.
4. Financial provisions.
5. Provisions of Article VII to have force of law.
6. Designation of channel of communication with Corporation.
7. Power of Minister to make orders.
8. Amendment of Schedule and matters consequential on amendment.

SCHEDULE — Text of Articles of Agreement Establishing the Inter-American  
Investment Corporation



## CHAPTER 356

### INTER-AMERICAN INVESTMENT CORPORATION

**An Act to provide for the participation of The Bahamas  
in the Inter-American Investment Corporation.**

*12 of 1985  
SI 7/2005*

*[Commencement 31st December, 1985]*

1. This Act may be cited as the Inter-American Investment Corporation Act. Short title.

2. In this Act — Interpretation.

“the Agreement” means the Agreement establishing the Inter-American Investment Corporation the original of which is deposited in the Archives of the Inter-American Development Bank and of which the text of the Articles is set out in the Schedule of this Act;

“Bank” means the Inter-American Development Bank;

“Corporation” means the Inter-American Investment Corporation;

“Minister” means the Minister responsible for Finance;

“Resolution” means the Resolution embodying the conditions governing the acceptance of The Bahamas to participate in the Corporation adopted by the Board of Governors.

3. The Minister is authorised to empower by instrument under his hand such person as may be named in the instrument — Authorisation to sign and accept the Agreement.

(a) to sign the Agreement on behalf of The Bahamas;

(b) to deposit with the Bank the instrument setting forth that The Bahamas has accepted or satisfied the Agreement in accordance with its laws and has taken the steps necessary to enable it to fulfil all of its obligations under the Agreement and Resolution;

- (c) to sign together with the President or Executive Vice President of the Bank the process-verbal of the act of deposit of the instrument of acceptance or satisfaction of the Agreement.

Financial provisions.

4. (1) There shall be paid out of the Consolidated Fund all sums necessary for the purpose of making to the Corporation the payment required to be made from time to time in respect of the subscription of The Bahamas to the capital stock of the Corporation payable in the currency of The Bahamas and any sums payable in respect of such notes or securities as issued shall be a charge on the Consolidated Fund.

(2) The Minister may issue or cause to be issued to the Corporation non-negotiable, non-interest bearing notes or similar securities in lieu of any portion of its subscription to the Corporation's authorised capital.

Provisions of Article VII to have force of law.

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

Designation of channel of communication with Corporation.

6. The Financial Secretary is hereby designated as the official entity for the purpose of communicating with the Corporation on matters connected with the Agreement.

Power of Minister to make orders.

7. 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.

8. (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 reference 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.

## SCHEDULE

### TEXT OF ARTICLES OF AGREEMENT ESTABLISHING THE INTER-AMERICAN INVESTMENT CORPORATION

The countries on behalf of which this Agreement is signed agree to create the Inter-American Investment Corporation, which shall be governed by the following provisions:

#### ARTICLE I

##### *Purpose and Functions*

**Section 1.** The purpose of the Corporation shall be to promote the economic development of its regional developing member countries by encouraging the establishment, expansion, and modernisation of private enterprises, preferably those that are small and medium-scale in such a way as to supplement the activities of the Inter-American Development Bank (hereinafter referred to as “the Bank”). *Purpose*

Enterprises with partial share participation by government or other public entities, whose activities strengthen the private sector of the economy, are eligible for financing by the Corporation.

**Section 2.** In order to accomplish its purpose, the Corporation shall undertake the following functions in support of the enterprises referred to in Section 1: *Functions*

- (a) assist, alone or in association with other lenders or investors, in the financing of the establishment, expansion and modernisation of enterprises, utilising such instruments and/or mechanisms as the Corporation deems appropriate in each instance;
- (b) facilitate their access to private and public capital, domestic and foreign, and to technical and managerial know-how;
- (c) stimulate the development of investment opportunities conducive to the flow of private and public capital, domestic and foreign, into investments in the member countries;
- (d) take in each case the proper and necessary measures for their financing, bearing in mind their needs and principles based on prudent administration of the resources of the Corporation; and
- (e) provide technical co-operation for the preparation, financing and execution of projects, including the transfer of appropriate technology.

**Section 3.** The activities of the Corporation shall be conducted in accordance with the operating, financial and *Policies*

---

investment policies set forth in detail in Regulations approved by the Board of Executive Directors of the Corporation, which Regulations may be amended by said Board.

## ARTICLE II

### *Members and Capital*

*Members*

**Section 1.** (a) The founding members of the Corporation shall be those member countries of the Bank that have signed this Agreement by the date specified in Article XI, Section 1(a) and made the initial payment required in Section 3(b) of this Article;

(b) The other member countries of the Bank may accede to this Agreement on such date and in accordance with such conditions as the Board of Governors of the Corporation may determine by a majority representing at least two-thirds of the votes of the members, which shall include two-thirds of the Governors;

(c) The word “members” as used in this Agreement shall refer only to member countries of the Bank which are members of the Corporation.

*Resources*

**Section 2.** (a) The initial authorized capital stock of the Corporation shall be two hundred million dollars of the United States of America (US\$200,000,000);

(b) The authorized capital stock shall be divided into twenty thousand (20,000) shares having a par value of ten thousand dollars of the United States of America (US\$10,000) each. Any shares not initially subscribed by the founding members in accordance with Section 3(a) of this Article shall be available for subsequent subscription in accordance with Section 3(d) hereof.

*SI 7/2005*

(c) The Board of Governors may increase the authorized capital stock by a majority representing at least three-fourths of the votes of the members, which shall include two-thirds of the Governors.

(d) In addition to the authorized capital referred to above, the Board of Governors may after the date in which the initial authorized capital has been fully paid in, authorize the issue of callable capital and establish the terms and conditions for the subscription thereof, as follows:

- (i) Such decisions shall be approved by a majority representing, at least three fourths of the votes of the members which shall include two thirds of the Governors; and
- (ii) the callable capital shall be divided into shares with a par value of ten thousand dollars of the United States of America (US\$10,000) each;

(e) The callable capital shares shall be subject to call only when required to meet the obligations of the Corporation created under Article III, Section 7(a). In the event of such a call, payment may be made at the option of the member in United States dollars, or in the currency required to discharge the obligations of the Corporation for the purpose for which the call is made. Calls on the shares shall be uniform and proportionate for all shares. Obligations of the members to make payments on any such calls are independent of each other and failure of one or more members to make payments on any such calls shall not excuse any other member from its obligation to make payment. Successive calls may be made if necessary to meet the obligations of the Corporation.

(f) The other resources of the Corporation shall consist of:

- (i) amounts accruing by way of dividends, commissions, interest, and other funds derived from the investments of the Corporation;
- (ii) amounts received upon the sale of investments or the repayment of loans;
- (iii) amounts raised by the Corporation by means of borrowings; and
- (iv) other contributions and funds entrusted to its administration.

**Section 3.** (a) Each founding member shall subscribe the number of shares specified in Annex A.

*Subscriptions*

(b) The payment for capital stock, set forth in Annex A by each founding member shall be made in four annual, equal and consecutive instalments each of twenty-five percent of such amount. The first instalment shall be paid by each member in full within three months after the date on which the Corporation begins operation pursuant to Article XI, Section 3 below, or the date on which such founding member accedes to this Agreement, or by such date or dates thereafter as the Board of Executive Directors of the Corporation specifies. The remaining three instalments shall be paid on such dates as are determined by the Board of Executive Directors of the Corporation but not earlier than December 31, 1985, December 31, 1986, and December 31, 1987, respectively. The payment of each of the last three instalments of capital subscribed by each of the member countries shall be subject to fulfilment of such legal requirements as may be appropriate in the respective countries. Payment shall be made in United States dollars. The Corporation shall specify the place or places of payment.

(c) Shares initially subscribed by the founding members shall be issued at par;

(d) The conditions governing the subscription of shares to be issued after the initial share subscription by the founding members which shall not have been subscribed under Article II, Section 2(b), as well as the dates of payment thereof, shall be determined by the Board of Executive Directors.

*Restriction on transfers and pledge of shares*

**Section 4.** Shares of the Corporation may not be pledged, encumbered or transferred in any manner whatever except to the Corporation, unless the Board of Governors of the Corporation approves a transfer between members of a majority representing four-fifths of the votes of the members.

*Preferential subscription right*

**Section 5.** In case of an increase in capital, in accordance with Section 2(c) and (d) of this Article, each member shall be entitled, subject to such terms as may be established by the Corporation, to a percentage of the increased shares equivalent to the proportion which its shares heretofore subscribed bears to the total capital of the Corporation. However, no member shall be obligated to subscribe to any part of the increased capital.

*Limitation on liability*

**Section 6.** The liability of members on the shares subscribed by them shall be limited to the unpaid portion of its price at issuance. No member shall be liable, by reason of its membership, for obligations of the Corporation.

### ARTICLE III

#### *Operations*

*Operating procedures*

**Section 1.** In order to accomplish its purposes, the Corporation is authorized to:

- (a) Identify and promote projects which meet criteria of economic feasibility and efficiency, with preference given to projects that have one or more of the following characteristics:
  - (i) they promote the development and use of material and human resources in the developing countries which are members of the Corporation;
  - (ii) they provide incentives for the creation of jobs;
  - (iii) they encourage savings and the use of capital in productive investments;
  - (iv) they contribute to the generation and/or savings of foreign exchange;
  - (v) they foster management capability and technology transfer; and
  - (vi) they promote broader public ownership of enterprises through the participation of as many investors as possible in the capital stock of such enterprises.
- (b) Make direct investments, through the granting of loans, and preferably through the subscription and purchase of shares or convertible debt instruments, in enterprises in which a majority of the voting power is held by investors with Latin American citizenship, and make indirect investments in such enterprises through other financial institutions;



- 
- (c) Promote participation of other sources of financing and/or expertise through appropriate means, including the organization of loan syndicates, the underwriting of securities and participations, joint ventures, and other forms of association such as licensing arrangements, marketing or management contracts;
  - (d) Conduct co-financing operations and assist domestic financial institutions, international institutions and bilateral investment institutions;
  - (e) Provide technical co-operation, financial and general management assistance, and act as financial agent of enterprises;
  - (f) Help to establish, expand, improve and finance development finance companies in the private sector and other institutions to assist in the development of said sector;
  - (g) Promote the underwriting of shares and securities issues, and extend such underwriting provided the appropriate conditions are met, either individually or jointly with other financial entities;
  - (h) Administer funds of other private, public or semi-public institutions; for this purpose, the Corporation may sign management and trustee contracts;
  - (i) Conduct currency transactions essential to the activities of the Corporation; and
  - (j) Issue bonds, certificates of indebtedness and participation certificates, and enter into credit agreements.

**Section 2.** The Corporation may make investments of its funds in such form or forms as it may deem appropriate in the circumstances, in accordance with Section 7(b) below.

*Other forms of investments*

**Section 3.** The operations of the Corporation shall be governed by the following principles:

*Operating principles*

- (a) It shall not establish as a condition that the proceeds of its financing be used to procure goods and services originating in a predetermined country;
- (b) It shall not assume responsibility for managing any enterprise in which it has invested and shall not exercise its voting rights for such purpose or for any other purpose which, in its opinion, is properly within the scope of managerial control;
- (c) It shall provide financing on terms and conditions which it considers appropriate taking into account the requirements of the enterprises, the risks assumed by the Corporation and the terms and conditions normally obtained by private investors for similar financing;

- (d) It shall seek to revolve its funds by selling its investments, provided such sale can be made in an appropriate form and under satisfactory conditions, to the extent possible in accordance with Section 1(a)(vi) above;
- (e) It shall seek to maintain a reasonable diversification in its investments;
- (f) It shall apply financial, technical, economic, legal and institutional feasibility criteria to justify investments and the adequacy of the guarantees offered; and
- (g) It shall not undertake any financing for which, in its opinion, sufficient capital could be obtained on adequate terms.

*Limitations*

**Section 4.** (a) With the exception of the investment of liquid assets of the Corporation referred to in Section 7(b) of this Article, investments of the Corporation shall be made only in enterprises located in developing regional member countries; such investments shall be made following sound rules of financial management;

(b) The Corporation shall not provide financing or undertake other investments in an enterprise in the territory of a member country if its government objects to such financing or investment.

*Protection of  
interests*

**Section 5.** Nothing in this Agreement shall prevent the Corporation from taking such action and exercising such rights as it may deem necessary for the protection of its interests in the event of default on any of its investments, actual or threatened insolvency of enterprises in which such investments have been made, or other situations which, in the opinion of the Corporation, threaten to jeopardise such investments.

*Applicability of  
Certain Foreign  
Exchange  
Restrictions*

**Section 6.** Funds received by or payable to the Corporation in respect of an investment of the Corporation made in any member's territories shall not be free, solely by reason of any provision of this Agreement, from generally applicable foreign exchange restrictions, regulations and controls in force in the territories of that member.

*Other Powers*

**Section 7.** The Corporation shall also have the power to:

- (a) borrow funds and for that purpose furnish such collateral or other security as the Corporation shall determine, provided that the total amount outstanding or borrowing incurred or guarantees given by the Corporation, regardless of source shall not exceed an amount equal to the sum of its subscribed capital, plus its earned surplus and reserves;
- (b) invest funds not immediately needed in its financial operations, as well as funds held by it for other purposes, in such marketable obligations and securities as the Corporation may determine;
- (c) guarantee securities in which it has invested in order to facilitate their sale;

- 
- (d) buy and/or sell securities it has issued or guaranteed or in which it has invested;
  - (e) handle, on such terms as the Corporation may determine, any specific matters incidental to its business as may be entrusted to the Corporation by its shareholders or third parties, and discharge the duties of trustee in respect of trusts; and
  - (f) exercise all other powers inherent or which may be necessary or useful for the accomplishment of its purposes, including the signing of contracts and conducting of necessary legal actions.

**Section 8.** The Corporation and its officers 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 decisions of the Corporation, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

*Political Activity  
Prohibited*

#### ARTICLE IV

##### *Organization and Management*

**Section 1.** The Corporation shall have a Board of Governors, a Board of Executive Directors, a Chairman of the Board of Executive Directors, a General Manager and such other officers and staff as may be determined by the Board of Executive Directors of the Corporation.

*Structure of the  
Corporation*

**Section 2.** (a) All the powers of the Corporation shall be vested in the Board of Governors.

*Board of  
Governors*

(b) Each Governor and Alternate Governor of the Inter-American Development Bank appointed by a member country of the Bank which is also a member of the Corporation shall unless the respective country indicates to the contrary, be a Governor or Alternate Governor *ex officio*, respectively, of the Corporation. No Alternate Governor may vote except in the absence of his principal. The Board of Governors shall select one of the Governors as Chairman of the Board of Governors. A Governor and Alternate Governor shall cease to hold office if the member by which they were appointed ceases to be a member of the Corporation.

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

- (i) admit new members and determine the conditions of their admission;
- (ii) increase or decrease the capital stock;
- (iii) suspend a member;
- (iv) consider and decide appeals on interpretations of this Agreement made by the Board of Directors;

- (v) approve, after receipt of the auditors' report, the general balance sheets and the statements of profit and loss of the institution;
- (vi) rule on reserves and the distribution of net income, and declare dividends;
- (vii) engage the services of external auditors to examine the general balance sheets and the statements of profit and loss of the institutions;
- (viii) amend this Agreement; and
- (ix) decide to suspend permanently the operations of the Corporation and to distribute its assets.

(d) The Board of Governors shall hold an annual meeting, which shall be held in conjunction with the annual meeting of the Board of Governors of the Inter-American Development Bank. It may meet on other occasions by call of the Board of Executive Directors;

(e) A quorum for any meeting of the Board of Governors shall be a majority of the governors representing at least two thirds of the votes of the members. The Board of Governors may establish a procedure whereby the Board of Executive Directors, if it deems appropriate, may submit a specific question to a vote of the Governors without calling a meeting of the Board of Governors;

(f) The Board of Governors and the Board of Executive Directors, to the extent the latter is authorized, may issue such rules and regulations as may be necessary or appropriate to conduct the business of the Corporation;

(g) Governors and Alternate Governors shall serve as such without compensation from the Corporation.

*Voting*

**Section 3.** (a) Each member shall have one vote for each fully paid share held by it and for each callable share subscribed.

(b) Except as otherwise provided, all matters before the Board of Governors or the Board of Executive Directors shall be decided by a majority of the votes of the members.

*Board of  
Executive  
Directors*

**Section 4.** (a) The Board of Executive Directors shall be responsible for the conduct of the operations of the Corporation and for this purpose shall exercise all the powers given it by this Agreement or delegated to it by the Board of Governors;

(b) The Executive Directors and Alternates shall be elected or appointed among the Executive Directors and Alternates of the Bank except when:

- (i) a member country or a group of member countries of the Corporation is represented in the Board of Executive Directors of the Bank by an Executive Director and an Alternate who are citizens of countries which are not members of the Corporation; and

- 
- (ii) given the different structure of participation and composition, the member countries referred to in Section (4)(c)(iii) below as per the rotation arrangement agreed upon among said member countries, designate their own representative for the positions corresponding to them in the Board of Executive Directors of the Corporation, whenever they could not be adequately represented by Directors or Alternates of the Bank.
  - (c) The Board of Executive Directors of the Corporation shall be composed as follows:
    - (i) One Executive Director shall be appointed by the member country having the largest number of shares in the Corporation;
    - (ii) nine Executive Directors shall be elected by the Governors for the regional developing member countries;
    - (iii) two Executive Directors shall be elected by the Governors for the remaining member countries.

The procedure for the election of Executive Directors shall be set forth in the Regulations to be adopted by the Board of Governors by a majority of at least two thirds of the votes of the members;

One additional Executive Director may be elected by the Governors for the member countries mentioned in (iii) above under such conditions and within the term to be established under said regulations and, in the event that such conditions were not met, by the Governors for the regional developing member countries, in conformity with the provisions of said Regulations;

Each Executive Director may designate an Alternate Director who shall have full power to act for him when he is not present;

- (d) No Executive Director may simultaneously serve as a Governor for the Corporation;
- (e) Elected Executive Directors shall be elected for terms of three years and may be re-elected for successive terms;
- (f) Each Director shall be entitled to cast the number of votes which the member or members of the Corporation whose votes counted towards his nomination or election are entitled to cast;
- (g) All the votes a Director is entitled to cast shall be cast as a unit;
- (h) In the event of the temporary absence of an Executive Director and his Alternate, the Executive Director or, in his absence the Alternate Director, may appoint a person to represent him;
- (i) A Director shall cease to hold office if all the members whose votes counted towards his nomination or election cease to be members of the Corporation;

(j) The Board of Executive Directors shall operate at the headquarters of the Corporation, or exceptionally at such other location as shall be designated by said Board, and shall meet as frequently as the business of the institution requires;

(k) A quorum for any meeting of the Board of Executive Directors shall be a majority of the Directors representing not less than two thirds of the votes of the members;

(l) Every member of the Corporation may send a representative to attend every 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.

*Basic  
Organization*

**Section 5.** The Board of Executive Directors shall determine the basic organization of the Corporation, including the number and general responsibilities of the principal administrative and professional positions, and shall adopt the budget of the institution.

*Executive  
Committee of the  
Board of  
Executive  
Directors*

**Section 6.** (a) The Executive Committee of the Board of Executive Directors shall be composed as follows:

- (i) one person who is the Director or alternate appointed by the member country having the largest number of shares in the Corporation;
- (ii) two persons from among the Directors representing the regional developing member countries of the Corporation; and
- (iii) one person from the Directors representing the other member countries.

The election of members of the Executive Committee and their alternates in categories (ii) and (iii) above shall be made by the members of each respective group pursuant to procedures to be worked out within each group;

(b) The Chairman of the Board of Executive Directors shall preside over meetings of said Committee. In his absence, a member of the Committee chosen by a process of rotation shall preside over meetings;

(c) The Committee shall consider all loans and investments by the Corporation in enterprises in the member countries;

(d) All loans and investments shall require the vote of a majority of the Committee for approval. A quorum for any meeting of the Committee shall be three. An absence or abstention shall be considered a negative vote;

(e) A report with respect to each operation approved by the Committee shall be submitted to the Board of Executive Directors. At the request of any Director, such operation shall be presented to the Board for a vote. In the absence of such request within the period established by the Board, an operation shall be deemed approved by the Board;

(f) In the event that there is a tie vote regarding a proposed operation, such proposal shall be returned to Management for further review and analysis; if upon reconsideration in the Committee, a tie vote shall again occur, the Chairman of the Board of Executive Directors shall have the right to cast the deciding vote in the Committee;

(g) In the event that the Committee shall reject an operation, the Board of Executive Directors, upon the request of any Director, may require that Management's report on such operation, together with a summary of the Committee's review, be submitted to the Board for discussion and possible recommendation with regard to the technical and policy issues related to the operation and to comparable operations in the future.

**Section 7.** (a) The President of the Bank shall be *ex officio* Chairman of the Board of Executive Directors of the Corporation. He shall preside over meetings of the Board of Executive Directors but without the right to vote except in the event of a tie. He may participate in meetings of the Board of Governors, but shall not vote at such meetings;

*President,  
General  
Manager  
and Officers*

(b) The General Manager of the Corporation shall be appointed by the Board of Executive Directors, by a four-fifths majority of the total voting power, on the recommendation of the Chairman of the Board of Executive Directors, for such term as he shall indicate. The General Manager shall be chief of the officers and staff of the Corporation. Under the direction of the Board of Executive Directors and the general supervision of the Chairman of the Board of Executive Directors, he will conduct the ordinary business of the Corporation and in the consultation with the Board of Directors and the Chairman of the Board of Executive Directors, shall be responsible for the organization, appointment and dismissal of the officers and staff. The General Manager may participate in meetings of the Board of Executive Directors but shall not vote at such meetings. The General Manager shall cease to hold office by resignation or by decision of the Board of Executive Directors, by a three-fifths majority of the total voting power, in which the Chairman of the Board of Executive Directors concurs;

(c) Whenever activities must be carried out that require specialized knowledge or cannot be handled by the regular staff of the Corporation, the Corporation shall obtain technical assistance from the staff of the Bank, or if it is unavailable, the services of experts and consultants may be engaged on a temporary basis;

(d) The officers and staff of the Corporation owe their duty entirely to the Corporation in the discharge of their office and shall recognize no other authority. Each member country shall respect the international character of such obligation;

(e) The Corporation shall have due regard for the need to assure the highest standards of efficiency, competence and integrity as the paramount consideration in appointing the staff of the Corporation and in establishing their conditions of service. Due regard shall also be paid to the importance of recruiting the staff on as wide a geographical basis as possible, taking into account the regional character of the institution.

*Relations with the Bank*

**Section 8.** (a) The Corporation shall be an entity separate and distinct from the Bank. The funds of the Corporation shall be kept separate and apart from those of the Bank and the provisions of this section shall not prevent the Corporation from making arrangements with the Bank regarding facilities, personnel, services and others concerning reimbursement of administrative expenses paid by either organization on behalf of the other;

(b) The Corporation shall seek insofar as possible to utilise the facilities, installations and personnel of the Bank;

(c) Nothing in this Agreement shall make the Corporation liable for the acts or obligations of the Bank, or the Bank liable for the acts or obligations of the Corporation.

*Publication of Annual Reports and Circulation of Reports*

**Section 9.** (a) The Corporation shall publish an annual report containing an audited statement of its accounts. It shall also send the members a quarterly summary of its financial position and a profit and loss statement indicating the results of its operations;

(b) The Corporation may also publish any such other reports as it deems appropriate in order to carry out its purpose and functions.

*Dividends*

**Section 10.** (a) The Board of Governors may determine what part of the Corporation's net income and surplus, after making provision for reserves, shall be distributed as dividends;

(b) Dividends shall be distributed *pro rata* in proportion to paid-in capital stocks held by each member;

(c) Dividends shall be paid in such manner and in such currency or currencies as the Corporation may determine.

## ARTICLE V

### *Withdrawal and Suspension of Members*

*Right of Withdrawal*

**Section 1.** (a) Any member may withdraw from the Corporation by notifying the Corporation's principal office in writing of its intention to do so. Such withdrawal shall become effective on the date specified in the notice but in no event prior to six months from the date on which such notice was delivered to the Corporation. At any time before the withdrawal becomes effective, the member may, upon written notice to the Corporation, renounce its intention to withdrawal;



(b) Even after withdrawing, a member shall remain liable for all obligations to the Corporation 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 effective, a member shall not incur any liability for obligations resulting from operations of the Corporation effected after the date on which the withdrawal notice was received by the latter.

**Section 2.** (a) A member that fails to fulfil any of its obligations to the Corporation under this Agreement may be suspended by decision of the Board of Governors by a majority representing at least three fourths of the votes of the members, which shall include two thirds of the Governors;

*Suspension of  
Membership*

(b) A member so suspended shall automatically cease to be a member of the Corporation within one year from the date of suspension unless the Board of Governors decides, by the same majority in paragraph (a) preceding, to lift the suspension;

(c) While under suspension, a member may exercise none of the rights conferred upon it by this Agreement, except the right of withdrawal, but it shall remain subject to fulfilment of all its obligations.

**Section 3.** (a) From the time its membership ceases, a member shall no longer share in the profits or losses of the institution and shall incur no liability with respect to loans and guarantees entered into by the Corporation thereafter. The Corporation shall arrange for the repurchase of such member's capital stock as part of the settlement of accounts with it in accordance with the provisions of this Section;

*Terms of  
withdrawal from  
membership*

(b) The Corporation and a member may agree on the withdrawal from membership and the repurchase of shares of said member on terms appropriate under the circumstances. If such agreement is not reached within three months after the date on which such member expresses its desire to withdraw from membership, or within a term agreed upon between both parties, the repurchase price of the member's shares shall be equal to the book value thereof on the date when the member ceases to belong to the institution, such book value to be determined by the Corporation's audited financial statements;

(c) Payment for shares shall be made upon surrender of the corresponding share certificates, in such instalments and at such times and in such available currencies as the Corporation shall determine, taking into account its financial position;

(d) No amount due to a former member for its shares under this Section may be paid until one month after the date upon which such member ceases to belong to the institution. If, within that period the Corporation suspends operations, the rights of such member shall be determined by the provisions of Article VI and the member shall be considered still a member of the Corporation for purposes of said Article, except that it shall have no voting rights.

---

**ARTICLE VI***Suspension and Termination of Operations*

*Suspension of  
operations*

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

*Termination of  
operations*

**Section 2.** (a) The Corporation may terminate its operations by decision of the board of Governors by a majority representing at least three fourths of the votes of the members, which shall include two thirds of the Governors. Upon termination of operations, the Corporation shall forthwith cease all activities except those incident to the conservation, preservation and realization of its assets and settlement of its obligations;

(b) Until final settlement of such obligations and distribution of such assets, the Corporation shall remain in existence and all mutual rights and obligations of the Corporation and its members under this Article shall continue unimpaired, except that no member shall be suspended or withdraw and that no distribution shall be made to members except as provided in this Article.

*Liability of  
members and  
payment of debts*

**Section 3.** (a) The liability of members arising from capital subscriptions shall remain in force until the Corporation's obligations, including contingent obligations, are settled;

(b) All creditors holding direct claims shall be paid out of the assets of the Corporation to which such obligations are chargeable and then out of payments to the Corporation on unpaid capital subscriptions to which such claims are chargeable. 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 the shares held by them in the Corporation until all liabilities to creditors chargeable to such shares have been discharged or provided for. Moreover such distribution must be approved by a decision of the Board of Governors by a majority representing at least three fourths of the votes of the members, which shall include two thirds of the Governors;

(b) Any distribution of assets to the members shall be in proportion to the number of shares held and shall be effected at such times and under such conditions as the Corporation deems fair and equitable. The proportions of assets distributed need not be uniform as to type of assets. No member shall be entitled to receive its proportion in such distribution of assets until it has settled all its obligations to the Corporation;

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

## ARTICLE VII

### *Juridical Personality, Immunities, Exemptions and Privileges*

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

**Section 2.** The Corporation shall possess juridical personality and, in particular, full capacity: *Juridical Personality*

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

**Section 3.** (a) Actions may be brought against the Corporation only in a court of competent jurisdiction in the territories of a member country in which the Corporation has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action shall be brought against the Corporation by member or persons acting for or deriving claims from member countries. However, such countries or persons shall have recourse to such special procedures to settle controversies between the Corporation and its member countries as may be prescribed in this Agreement, in the by-laws and regulations of the Corporation or in contracts entered into by the Corporation; *Judicial Proceedings*

(b) Property and assets of the Corporation 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 Corporation.

**Section 4.** Property and assets of the Corporation, wheresoever located and by whomsoever held, 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 Corporation shall be inviolable. *Inviolability of Archives*

**Section 6.** To the extent necessary to enable the Corporation to carry out its purpose and functions and to conduct its operations in accordance with this Agreement, all property and other assets of the Corporation 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 Corporation shall be accorded by each member country the same treatment that it accords to the official communications of other members. *Privilege for Communications*

*Personal  
Immunities and  
Privileges*

**Section 8.** All Governors, Executive Directors, Alternates, officers, and employees of the Corporation shall have the following privileges and immunities:

- (a) immunity from legal process with respect to acts performed by them in their official capacity, except when the Corporation waives this immunity;
- (b) when not local nationals, the same immunities from immigration restrictions, alien registration requirements and military service obligations and the same facilities as regards exchange provisions as are accorded by a member country to the representatives, officials, and employees of comparable rank of other member countries; and
- (c) the same privileges in respect of travelling facilities as are accorded by member countries to representatives, officials, and employees of comparable rank of other member countries.

*Immunities from  
Taxation*

**Section 9.** (a) The Corporation, 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 Corporation 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 Corporation to officials or employees of the Corporation 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 Corporation, including any dividend or interest thereon, by whomsoever held:

- (i) which discriminates against such obligation or security solely because it is issued by the Corporation; 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 Corporation.

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

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

*Implementation*

**Section 10.** Each member country, 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 Corporation of the action which it has taken on the matter.

---

**Section 11.** The Corporation in its discretion may waive any of the privileges or immunities conferred under this Article to such extent and upon such conditions as it may determine. *Waiver*

**ARTICLE VIII**  
*Amendments*

**Section 1.** (a) This Agreement may be amended only by decision of the Board of Governors by a majority representing at least four-fifths of the votes of the members, which shall include two-thirds of the Governors; *Amendments*

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

- (i) the right to withdraw from the Corporation as provided in Article V, Section I;
- (ii) the right to purchase shares of the Corporation as provided in Article II, Section 5; and
- (iii) the limitation on liability as provided in Article II, Section 6.

(c) Any proposal to amend this Agreement, whether emanating from a member country 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 Corporation 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 communication unless the Board of Governors shall specify a different period.

**ARTICLE IX**  
*Interpretation and Arbitration*

**Section 1.** (a) Any question of interpretation of the provisions of this Agreement arising between any member and the Corporation or between members shall be submitted to the Board of Executive Directors for decision. Members especially affected by the question under consideration shall be entitled to direct representation before the Board of Executive Directors as provided in Article IV, Section 4, paragraph (1); *Interpretation*

(b) In any case where the Board of Executive Directors has given a decision under the above paragraph 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 Corporation may, in so far as it deems it necessary, act on the basis of the decision of the Board of Executive Directors.

*Arbitration*

**Section 2.** If a disagreement should arise between the Corporation and a member which has ceased to be such, or between the Corporation and any member after adoption of a decision to terminate the operations of the institution, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Corporation, another by the member concerned, and the third, unless the parties otherwise agree, by the President of the International Court of Justice. If all efforts to reach an unanimous agreement fail, decisions shall be reached by a majority vote of the three arbitrators. The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

**ARTICLE X***General Provisions**Headquarters of  
the Corporation*

**Section 1.** The headquarters of the Corporation shall be located in the same locality as the headquarters of the Bank. The Board of Executive Directors of the Corporation may establish other offices in the territories of any of its member countries by a majority representing at least two thirds of the votes of the members.

*Relations with  
other  
Organizations  
Channels of  
communication*

**Section 2.** The Corporation may enter into agreements with other organizations for purposes consistent with this Agreement.

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

**ARTICLE XI***Final Provisions**Signature and  
Acceptance*

**Section 1.** (a) This Agreement shall be deposited with the Bank, where it shall remain open for signature by the representatives of the countries listed in Annex A until December 31, 1984 or such later date as shall be established by the Board of Executive Directors of the Corporation. Each signatory shall deposit with the Bank 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 this obligations under this Agreement;

(b) The Bank shall send certified copies of this Agreement to its members and duly notify them of each signature and deposit of the instrument of acceptance or ratification made pursuant to the foregoing, as well as the date thereof;

(c) On or after the date on which the Corporation commences operations, the Bank 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 of this Article, by representatives of countries whose subscriptions comprise not less than two thirds of the total subscriptions set forth in Annex A, which shall include:

*Entry into Force*

- (i) the subscription of the member country with the largest number of shares, and
- (ii) subscriptions of regional developing member countries with a total of shares greater than all other subscriptions.

(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.** As soon as this Agreement enters into force under Section 2 of this Article, the President of the Bank shall call a meeting of the Board of Governors. The Corporation shall begin operations on the date when such meeting is held.

*Commencement  
of Operations*

DONE at the City of Washington, District of Columbia, United States of America, in a single original, dated • • 19•, whose English, French, Portuguese, and Spanish texts are equally authentic and which shall remain deposited in the archives of the Inter-American Development Bank, which has indicated by its signature below its agreement to act as depository of the Agreement and to notify all those whose names are set forth in Annex A of the date when this Agreement shall enter into force, in accordance with Section 2 of Article XI.

**ANNEX A**  
**SUBSCRIPTION OF SHARES IN THE CORPORATION'S**  
**AUTHORIZED CAPITAL STOCK**  
(SHARES OF US\$10.000 EACH).

COUNTRIES	NUMBER OF PAID-IN CAPITAL SHARES	PERCENTAGE
<b>Regional Countries</b>		
<b>Group A 1/3/</b>		
Argentina	2.327	11.636 2/
Brazil	2.327	11.636 2/
Mexico	1.498	7.490 3/
Venezuela	1/	
Sub-total	7.400	37.000
<b>Group B</b>		
Chile	690	3.45
Colombia	690	3.45
Peru	420	2.10
Sub-total	1.800	9.00
<b>Group C and D 4/</b>		
Barbados	30	0.15
Bolivia	186	0.93
Costa Rica	94	0.47
Dominican Republic	124	0.62
Ecuador	124	0.62
El Salvador	94	0.47
Guatemala	124	0.62
Guyana	36	0.18
Haiti	94	0.47
Honduras	94	0.47
Panama	94	0.47
Paraguay	94	0.47
Trinidad & Tobago	94	0.47
Uruguay	248	1.24
Other countries	270	1.35
Sub-total	1.800	9.00
<b>TOTAL</b>	11.000	55.00



---

United States of America	6.000	30.00 /5
Italy	1.000	5.00
Other	2.000 6/	10.00
TOTAL	<u>3.000</u>	<u>15.00 7/</u>
GRAND TOTAL	20.000	100.00

1. Venezuela has expressed its wish to subscribe a number of shares equal to that subscribed by the other subscribing countries within Group A

Because of a perceived mismatch between the subscription amounts indicated by other countries and the amount allocated to the group, Venezuela has decided to wait until February 29, 1984 both to negotiate its participation and to communicate the relevant amount to the Secretariat.

2. The representatives of Argentina and Brazil stated that their relevant shares in the Corporation's capital should not only match their shares in the Bank's capital, but also maintain their relative shares in the total amount contributed by the regional countries in the Bank's capital.
3. The representative of Mexico indicated that it would be acceptable to his country to have, as a minimum, a relative proportion in the Corporation similar to that of the Inter-American Development Bank. On that basis, he left open the possibility of arriving at a different structure that could be acceptable to the Group A countries.
4. The amount of the capital subscription unsubscribed by some of the Group C and D countries will be reallocated to be subscribed by the remaining countries within the same groups.
5. This could be reduced so as to represent no less than 25.00% in the event the share subscription by the group of other member countries were to be increased by up to 5.00%.
6. the distribution of shares among group members will be communicated to the Bank's Secretariat by the relevant countries not later than February 29, 1984.
7. It could be increased so as to represent no more than 20.00%.

November 4, 1983

## ANNEX III

## INTER-AMERICAN INVESTMENT CORPORATION

## REGULATIONS FOR THE ELECTION OF EXECUTIVE DIRECTORS

## PART I

## ELECTION OF EXECUTIVE DIRECTORS

*Governors  
Eligible to  
Participate in  
Election*

**Section 1.** The governors for the Countries referred to in Article IV, Section 4(c) of the Agreement Establishing the Corporation, except for the Governor for the country referred to in Article IV, Section 4(c)(i), shall be eligible to vote and shall elect not more than twelve Executive Directors.

*Election by  
Governors for  
Regional  
Developing  
Member  
Countries*

<sup>1</sup>**Section 2.** The Governors for the regional developing member countries shall, in accordance with the following provisions, elect nine Executive Directors, which number could be increased to ten pursuant to subparagraph (e) below:

- (a) This section shall apply exclusively to the regional developing member countries, and the total voting power of those countries shall be counted as 100 per cent for the purposes hereof.
- (b) Each Governor eligible to vote under this section shall cast in favour of a single person all the votes to which the member he represents is entitled under Article IV, Section 3(a), of the Agreement Establishing the Corporation.
- (c) In the first place, as many ballots as are necessary shall be taken until six persons have been elected Executive Directors in the following manner:
  - (i) Each of the two countries with greatest voting power may elect one Executive Director with the votes of the respective country.
  - (ii) One candidate has received a number of votes constituting not less than the sum of the votes appertaining to the country with the third greatest voting power and to the country with the least voting power.
  - (iii) One candidate has received a number of votes constituting not less than the sum of the votes appertaining to the country with the fourth greatest voting power and to the country with with least voting power.

---

<sup>1</sup> Based on the assumption that all regional developing member countries will take part in the Corporation \*

- 
- (iv) The Governors of the countries with the fifth, sixth and seventh greatest voting power shall elect two Executive Directors. The two candidates who receive the greatest number of votes shall be deemed elected, provided one candidate receives the votes of two countries.
- (d) In the second place, Governors whose votes have not been cast in favour of any of the Directors elected under paragraph (c) above, shall elect three Executive Directors, on the basis that only countries individually having not more than ..... per cent of the eligible votes may present candidates and vote. The three candidates who receive the greatest number of votes shall be deemed elected, provided that one candidate receives the votes of at least four countries and the other two candidates receive the votes of not less than three countries each. As many ballots shall be taken as are necessary to reach this result.
- (e) In the event that the Governors for the member countries referred to in Section 3 below do not fulfil, within the term prescribed in said Section, the condition for the election of an additional Executive Director, the Governors eligible to vote under this section shall elect an Executive Director additional to those indicated in paragraph (c) above. To that effect, the Executive Directors referred to in subsections (c)(i) to (iv) and the additional Executive Director referred to in the present subsection shall be elected in accordance with the following procedures established in subparagraph (c) above and as follows:
- (i) Each of the four countries with the greatest voting power may elect one Executive Director with the votes corresponding to its respective country.
  - (ii) One candidate has received a number of votes constituting not less than the sum of the votes appertaining to the country with the fifth greatest voting power and to the country with the least voting power.
  - (iii) One candidate has received a number of votes constituting not less than the sum of the votes appertaining to the country with the sixth greatest voting power and to the country with the least voting power.
  - (iv) One candidate has received a number of votes constituting not less than the sum of the votes appertaining to the country with the seventh greatest voting power and to the country with the least voting power.
- (f) After the balloting has been completed, each Governor who has not voted for any of the candidates elected shall assign his votes to one of them. The number of votes appertaining under Article IV, Section 3(a), of the Agreement Establishing the Corporation to each Governor who has voted for or assigned his votes to a candidate elected under these Regulations shall be deemed for the purposes of Article IV, Section 4(f), of the Agreement to have counted towards the election of such candidate.

*Election by  
Governors for  
Other Countries*

**Section 3.** The Governors for the members referred to in Article IV, Section 4(c)(iii) of the Agreement Establishing the Corporation shall elect two Executive Directors, which will be increased by one additional Executive Director if, not later than the final date set forth in Article XI, Section 1(a) of the Agreement, the total shares subscribed by said countries amount to not less than 3,000 shares. The election shall be held in accordance with the following provisions.

- (a) This section shall apply exclusively to the members referred to in Article IV, Section 4(c)(iii) of the Agreement and the total voting power of those countries shall be counted as 100 per cent for the purposes hereof.
- (b) Each Governor eligible to vote under this section shall cast in favour of a single person all the votes to which the member country he represents is entitled under Article IV, Section 3(a), of the Agreement Establishing the Corporation.
- (c) The two or three candidates, as the case may be, receiving the largest number of votes shall be Executive Directors, provided that no person shall be deemed elected unless he has received the votes of ..... or more Governors constituting at least ..... per cent of the total eligible votes, but provided further that he shall not have received more than ..... per cent of such total votes. As many ballots as are necessary shall be taken until two or three candidates, as the case may be, have been elected.
- (d) After the balloting has been completed, each Governor who did not vote for either of the candidates elected shall assign his votes to one of them. The number of votes appertaining under Article IV, Section 3(a), of the Agreement Establishing the Corporation to each Governor who has voted for or assigned his votes to a candidate elected under these Regulations shall be deemed for the purposes of Article IV, Section 4(f), of the Agreement to have counted toward the election of such candidate.

*Conditions of  
Service of  
Executive  
Directors and  
Appointment of  
Alternates*

**Section 4.** (a) The Executive Directors and Alternates shall be elected or appointed among the Executive Directors and Alternates of the Inter-American Development Bank (“the Bank”), except when:

- (i) a member country or a group of member countries of the Corporation is represented in the Board of Executive Directors of the Bank by an Executive Director and an Alternate who are citizens of countries which are not members of the Corporation; and
- (ii) given the different structure of participation and composition, the member countries referred to in Article IV, Section 4(c)(iii) of the Agreement, as per the rotation arrangements agreed upon among said member countries, designate their

their own representatives for the positions corresponding to them in the Board of Executive Directors of the Corporation, whenever they could not be adequately represented by Directors or Alternates of the Bank.

(b) The Executive Directors and their Alternates shall not receive salaries from the Corporation.

(c) An elected Executive Director may appoint an Alternate Director of a nationality other than his own when he represents more than one country, either because the votes of others were required for his election or, if such votes were not required, because his country and another agreed to participate jointly in his election. If these events do not occur, the corresponding Executive Director may only appoint a person to represent him temporarily, in accordance with Article IV, Section 4(h) of the Agreement.

## PART II RULES OF PROCEDURE FOR THE ELECTION

**Section 5.** At least ninety days before the Annual Meeting of the Board of Governors at which a general election of Executive Directors is to be held, the Secretary shall so notify the Governors and invite them to nominate candidates.

*Notice of the Election*

**Section 6.** The Chairman of the Board of Governors shall supervise the election, shall appoint two Governors as tellers to supervise the balloting and count the proper votes, and shall take such other action as he deems necessary for the proper conduct of the election.

*Supervision of the Election*

**Section 7.** (a) The election shall take place among the candidates nominated in accordance with these rules of procedure.

*Nominations*

(b) The Executive Directors shall be persons of recognized competence and wide experience in economic and financial matters and shall not be Governors.

(c) A Governor may not nominate more than one candidate.

(d) Nominations shall be submitted to the Secretary.

(e) Each nomination shall be made in writing and shall be signed by the Governor making the nomination.

(f) The Secretary shall distribute to the Governors a list of the candidates nominated.

(g) The period for nominating candidates shall end at 10:00 a.m. of the first day of the Annual Meeting of the Board of Governors at which the election is to be held.

**Section 8.** (a) The election shall consist of four separate stages. The two Executive Directors referred to in Section 2(c)(i) above shall be elected in the first stage. The other four Executive Directors referred to in Section 2(c) and the seventh Executive Director

*Election*

---

referred to in Section 2(e) if the case may be, shall be elected in the second stage; the three Executive Directors mentioned in Section 2(d) above, shall be elected in the third stage; and the two or three Executive Directors as the case may be, mentioned in Section 3, in the fourth stage.

(b) Each Governor may participate in only one stage of voting.

(c) At the beginning of each stage of the voting the Secretary shall announce the names of the official candidates and of the countries eligible to vote.

*Balloting*

**Section 9.** Each ballot shall be taken as follows:

- (a) Votes shall be cast on forms which the Secretary shall furnish before the beginning of the ballot to each Governor entitled to vote. On each ballot, only those votes shall be counted which have been cast on the forms distributed for that ballot.
- (b) After the name of each country is announced by the Secretary, the Governor therefor shall deposit his signed vote in the ballot box.
- (c) When the ballot has been completed, the tellers shall check the number of votes and proceed to a count of the votes cast.
- (d) If the tellers are of the opinion that any particular vote needs clarification or has not been properly executed, they shall, if possible, afford the Governor concerned an opportunity to correct it before completing the tally; and such vote, if so corrected, shall be deemed to be valid.
- (e) As many ballots as are necessary shall be taken until all the Executive Directors to be elected in the separate elections provided for in Section 2(c), Section 2(d), and in Section 3 above, have been elected, in each case in a single ballot.
- (f) The Chairman of the Board shall state whether or not an election has been effected and if it has, he shall announce the names of the persons elected and of the member countries which elected them.

*Elimination of  
Candidates*

**Section 10.** In any ballots, the Governor or Governors who have nominated a candidate may advise the Secretary that he will not participate in succeeding ballots, in which case his name shall be removed from the list of candidates.

*Settlement of  
Disputes*

**Section 11.** Any questions arising in connection with the conduct of the election shall be resolved by the tellers, subject to appeal, at the request of any Governor, to the Chairman of the Board and from him to the Board. Whenever possible, questions shall be put without identifying the member country or Governor concerned.

---

**PART III**
**VACANCIES IN THE BOARD OF EXECUTIVE DIRECTORS**

**Section 12.** Directors shall continue in office until their successors are 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 have elected the former Director.

*Election to Fill  
Vacancy*

**Section 13.** When a new Executive Director must be elected because of a vacancy requiring an election, the Chairman of the Board of Executive Directors shall immediately notify the member countries which elected the former Director of the existence of the vacancy and request that candidates be nominated.

*Notification of  
Vacancy*

**Section 14.** The Chairman of the Board of Executive Directors may convene a meeting of the Governors of such countries for the exclusive purpose of electing a new Director or he may conduct the election by any rapid means of written communications. Successive ballots shall be cast until one of the candidates receives an absolute majority of the votes cast.

*Procedures for  
Election*

**PART IV**  
**AMENDMENT OF THE REGULATIONS**

**Section 15.** The Board of Governors may amend these Regulations at any of its meetings, or by a vote without calling a meeting, by a majority of two-thirds of the total voting power of the member countries including:

*Requirements to  
Effect  
Amendments*

- (a) with respect to amendments of Section 1, 2, 4 through 14, and 15(a), a two thirds majority of the regional members; and
- (b) with respect to amendments of Section 3 and 15(b), a two thirds majority of the Governors of the non-regional members.

por Argentina  
 for Austria  
 for Bahamas  
 for Barbados  
 pour la Belgique  
 por Bolivia  
 pelo Brasil  
 for Canada  
 por Chile  
 por Colombia  
 por Costa Rica  
 for Denmark  
 por Ecuador  
 por El Salvador  
 por Espaa  
 for Finland  
 pour la France  
 for the Federal Republic of Germany

por Guatemala  
for Guyana  
pour Haiti  
por Honduras  
for Israel  
for Italy  
for Jamaica  
for Japan  
por Mexico  
for The Netherlands  
por Nicaragua  
por Panama  
por Paraguay  
por Peru  
por Portugal  
por Republica Dominicana  
for Suriname  
for Sweden  
for Switzerland  
for Trinidad and Tobago  
for the United Kingdom  
for the United States of America  
por Uruguay  
por Venezuela  
for Yugoslavia