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[COMMITTEE PRINT]

STAFF MEMORANDUM

ON

INTERNATIONAL LENDING AGENCIES

KANSAS STATE UNIVERSITY LIBRARY
AUG 22 '60
MANHATTAN, KANSAS

April 27, 1960

Printed for the use of the Committee on Foreign Affairs

UNITED STATES
GOVERNMENT PRINTING OFFICE
51324 WASHINGTON : 1960

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FOREWORD

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES.

This memorandum on international lending agencies has been prepared, on my instructions, by Miss Helen C. Mattas, staff assistant. The purpose of the memorandum is to provide the members of the Committee on Foreign Affairs and the membership of the House with up-to-date information on international lending agencies in which the United States participates.

THOMAS E. MORGAN, *Chairman.*

INTERNATIONAL LENDING AGENCIES

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CREATION

The articles of agreement of the International Bank for Reconstruction and Development were formulated at the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, in 1944. (See pp. 47–68 for text of the Articles of Agreement.) The official existence of the Bank dates from December 27, 1945, when the articles were signed in Washington by 28 governments, and operations began June 25, 1946. The statutory authority for United States participation is the Bretton Woods Agreements Act, as amended (Public Law 171, 79th Cong.; Public Law 86–48, 86th Cong.—see pp. 38–46 for text).

PURPOSE

Following are the objectives of the Bank's operations:

To assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes and thereby promote the long-range growth of international trade and the improvement of standards of living.

To make loans for productive purposes out of its own funds obtained from capital subscriptions and borrowing in financial markets when private capital is not available on reasonable terms.

To promote private foreign investment by guarantees of and participations in loans and investments made by private investors. (This power has never been used and the Bank indicates that its use is not contemplated, that it has found other and, in its view, more effective ways of enlisting the support of private investors, namely, (1) by bringing private money into the Bank's operations through large borrowing on the market; (2) by selling its loans or parts of loans to private investors; and (3) by making loans very often as part of a joint operation whereby the country borrows on the market simultaneously when receiving a Bank loan.)

NATURE OF OPERATIONS

The Bank's seat of operations is Washington, D.C. All powers of the Bank are vested in a Board of Governors, one appointed by each member country, which meets once a year to review the operations. The Board of Governors has delegated most of its powers (Art. V, sec. 2(b), of the Articles of Agreement) to the 18 Executive Directors, of whom 5 are appointed by the principal member countries and 13 are elected by the other members. The management of the

Bank's operations is conducted under the direction of the Executive Directors by the President of the Bank and such Vice Presidents and other officers as he may appoint. The Governor appointed by the President of the United States to represent the United States in the Bank also serves in the same capacity in the International Monetary Fund and the International Finance Corporation. The voting power of the members is approximately proportionate to their capital subscriptions. The United States voting proportion prior to the recent decision to increase subscriptions was 28.88 percent; it is expected that the United States voting proportion will be slightly higher on completion of current action by various member countries to increase their capital subscriptions in the Bank.

The articles of agreement provide that the Bank may lend to its member governments and, with the guarantee of member governments, to their agencies and to private enterprises in the member countries. According to its Articles, the Bank's loans may not be granted for relief or for political purposes; they must be for either reconstruction or development and must show reasonable prospects of repayment. The project or program to be financed must be recommended, after study of the proposal, by a competent committee appointed by the Bank, and the borrower must be unable to obtain the loan elsewhere under conditions considered by the Bank to be reasonable.

The first loans made in 1947 were to European countries whose economies had suffered severely from the war—France, the Netherlands, Denmark, and Luxembourg. This was the pre-European recovery program. Since 1948 the Bank's resources have been used primarily to advance the development of its underdeveloped members. The Bank has made loans for development of electric power, transportation, communications, agriculture and forestry, and industrial expansion.

As a general practice, the Bank considers that it is desirable in the interest both of the borrower and of the Bank to have proposed projects carefully examined on the spot by groups of technicians designated by the Bank. Many members without specific loan projects in view have asked the Bank for technical assistance in the survey and study of their economies and their prospects for development.

The Bank has for some time been involved in negotiations concerning the settlement of the Indus Waters question between India and Pakistan. Presently, implementation awaits the signature and ratification of a treaty between Pakistan and India, which the Bank anticipates will be done soon. The International Bank for Reconstruction and Development has been instrumental in bringing Pakistan and India together for this purpose.

This Indus River project differs from the normal Bank loan in that it contemplates the cooperation of several countries. The total cost of the project is to be slightly more than $1 billion—partly in foreign exchange and partly in local currencies.

In a press release dated March 1, 1960, the Bank announced that it—

> has evolved a plan to finance the required expenditure and has had assurances from certain friendly governments of their readiness to participate in the cost of the plan over and above the amounts to be contributed by India and Pakistan and by the Bank itself.

As listed in the press release, the project will be financed in the following manner:

	U.S. $ equivalent (In millions)
In foreign exchange:	
Australia	$15.6
Canada	23.2
Germany	30.0
New Zealand	2.8
United Kingdom	58.4
U.S. grants	177.0
U.S. loans	103.0
In U.S.-owned local currency	235.0

The International Bank for Reconstruction and Development and the Governments of India and Pakistan will provide the difference. (The Bank has announced that its President was prepared to recommend that the Bank participate with loans to India and Pakistan in the amount of $103 million.)

As of December 31, 1959, the Bank had made a total of 249 loans amounting to the equivalent of $4,781 million in 51 countries and overseas territories. The following table shows the loan commitments and disbursements of the Bank, by fiscal years, to December 31, 1959:

Fiscal year	Number of loans	Loans [1]	Disbursements	Fiscal year	Number of loans	Loans [1]	Disbursements
1946–47	1	$250,000,000	$92,000,000	1954–55	20	$409,610,000	$274,169,870
1947–48	5	263,000,000	378,055,751	1955–56	26	306,050,000	283,926,916
1948–49	10	137,100,000	56,235,263	1956–57	20	387,858,000	332,379,283
1949–50	12	166,345,000	87,871,146	1957–58	34	710,846,429	498,683,137
1950–51	21	297,080,000	77,564,969	1958–59	30	703,125,000	582,630,254
1951–52	19	298,608,000	184,777,004	1959–60 to date	15	349,100,000	213,847,897
1952–53	10	178,633,464	226,756,982				
1953–54	26	323,682,000	302,296,920	Total	249	4,781,037,893	3,591,195,392

[1] These loans represent commitments which are disbursed as actually needed.

At any one time, the rate of interest charged is the same for all borrowers. The rate varies and is established upon the recommendation of the Bank's President and approval by the Board of Directors. Determination of the rate charged depends on three factors: (1) the rates in the main capital markets in which the Bank sells its bonds; (2) a commission charge of 1 percent on loans, and (3) one-fourth of 1 percent (rounded) to pay for administrative expenses and overhead. The current rate is 6 percent, but in the past the rate has varied from 3 to 6 percent.

FINANCING

The Bretton Woods Agreement Act of 1945 authorized the Secretary of the Treasury to make such payments as required to the Bank from the proceeds of any security issued by the Treasury as a public debt transaction. The original United States subscription was $3,175 million, of which, under the terms of the Articles of Agreement of the Bank, $635 million (20 percent of its quota) was paid in. In connection with general and special increases in the capital stock of the Bank and pursuant to an amendment of the Bretton Woods Agreement Act in June 1959, the United States subscription was doubled to $6,350 million. (See table II on p. 36 for membership and capital subscriptions in the Bank as of March 11, 1960.) All of the increase is subject to call only if required to meet the Bank's obligations and is not available for use in the lending operations of the Bank. Thus, of the total

new United States subscription of $6,350 million, up to $5,715 million is subject to call only under these conditions and would come from money raised by the sale of Government securities as a public ebt transaction; no congressional appropriation is needed to secure these funds.

The Bank's operations are financed in the following ways:

(1) From the Bank's own funds: Direct loans may be made from the paid-in portion of the capital stock subscribed by the members. Through December 31, 1959, the Bank has been able to use or allocate for lending about $1,611 million from Government subscriptions.

(2) From borrowed funds: In all, the Bank has borrowed about $2.6 billion in the world's capital markets, of which about half has come from United States investors. The outstanding funded debt of the Bank was equivalent to $1,990 million at December 31, 1959.

(3) From repayments of earlier loans: At December 31, 1959, $294 million had been repaid to the Bank.

(4) From net earnings: These totaled $311 million on December 31, 1959, and are running at about $56 million per annum.

(5) From sales of parts of its loans to other investors: At December 31, 1959, these totaled $651 million.

The Bank has experienced no defaults on any of its loans.

In the event of losses, the Bank can turn to a supplemental reserve accumulated from earnings, which has been set aside to meet losses on loans and guarantees.

In the event the Bank cannot meet its own obligations from other resources, it can turn to the following:

(1) A special reserve built up out of the 1 percent per annum commission on its loans, which specifically secures the Bank's obligations arising from its own borrowings or from its guaranties of the obligations of others. (As of December 31, 1959, the special reserve amounted to $151 million and the rate of increase is $26 million a year.)

(2) The unpaid portion of its subscribed capital described above.

INCREASE IN CAPITAL RESOURCES

In October 1958 at the 13th annual meeting in New Delhi of the Governors of the International Monetary Fund and the International Bank for Reconstruction and Development, Secretary of the Treasury Robert B. Anderson (the United States Governor) took the initiative in proposing large-scale increases in the capital of the Bank and in member quotas of the International Monetary Fund. The Board of Governors requested the Executive Directors of both institutions to submit proposals for an increase in their resources, and such proposals were submitted to the Governors on December 22, 1958.

In the case of the Bank, the principal proposals were that its authorized capital be increased from $10 billion to $21 billion; that the members double their subscriptions to the Bank's capital; and that calls on subscriptions would not be made for use in operations but would remain subject to call to meet the Bank's obligations. In addition, a further proposal permitting certain members, including Canada, Germany, and Japan, to make further additional special subscriptions on which only one-half of the 20 percent would be required to be paid in was submitted to the Governors by the Exec-

utive Directors. All of these proposals became effective on September 15, 1959, when sufficient votes had been received and a minimum of $7 billion in doubled subscriptions had been taken by the member countries. The principal purpose in doubling the Bank's capital is to enable it to borrow the large sums it anticipates will be required in forthcoming years to sustain its likely level of lending operations.

As of March 11, 1960, 49 member countries, including the United States, had acted to double their capital subscriptions. Fourteen of these member countries had subscribed to $843.7 million in addition to their 100 percent increases. Subscribed capital had risen from $9.556 billion to $18.781 billion of which $16.87 billion was uncalled and serving as security for the Bank's obligations. For the United States, the amount of its subscription to the Bank's capital was doubled—from $3.175 billion to $6.350 billion. The entire increase remains uncalled and the total of this country's uncalled subscription, therefore, rose from $2.540 billion to $5.715 billion.

The increase in the United States subscription to the Bank's capital was effected through congressional amendment to the Bretton Woods Agreements Act of 1945 (Public Law 86–48, 86th Cong.). For the purpose of making payments required under the subscription, the Secretary of the Treasury may for that purpose use as a public debt transaction the proceeds of securities issued after July 31, 1945, under the Second Liberty Bond Act, as amended. No further appropriations or other congressional action is necessary to enable the Secretary of the Treasury to pay the $5.715 billion unpaid portion of the subscription of the United States.

INTERNATIONAL MONETARY FUND

CREATION

The final act of the United Nations Monetary and Financial Conference, Bretton Woods, N.H., July 22, 1944, sets forth, among other things, the articles of agreement of the International Monetary Fund (see pp. 69–97 for text of the articles of agreement), to come into effect when signed on behalf of countries representing at least 65 percent of the total of the quotas stated in the articles.

The Bretton Woods Agreements Act (Public Law 171, 79th Cong., approved July 31, 1945) authorized the President to accept membership for the United States in the International Monetary Fund. On December 27, 1945, the President did so, and the articles, having been accepted by nations representing approximately 80 percent of the quotas, came into effect. (See pp. 38–46 for text of the Bretton Woods Agreements Act, as amended.)

PURPOSE

The articles of agreement list the following as the Fund's objectives:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.
2. To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.
3. To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.
4. To assist in the establishment of a multilateral system of payments in respect to current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
5. To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
6. In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

NATURE OF OPERATIONS

The highest authority of the Fund is exercised by a Board of Governors, one Governor and an alternate Governor representing each member country. However, most of the Fund's decisions are made by the Board of Executive Directors, of whom 5 are appointed by the 5 members having the largest quotas and 13 are elected by the other countries. The Fund management is under a Managing Director and Deputy Managing Director.

Consultation with members on various aspects of their balance of payments and monetary problems and concerning the elimination of exchange restrictions is a major activity of the Fund.

The articles of agreement expressly provide for annual consultations between the Fund and member countries retaining exchange restrictions. These consultations, which began in March 1952 and are held with approximately four-fifths of the members of the Fund, cover not only questions relating to further retention or gradual removal of exchange restrictions but also the fiscal and credit policies of the member country. Where the elimination of restrictions is not immediately feasible, the Fund, during these consultations, cooperates with members in working out programs which will lead to a more fundamental solution of their problems.

The articles of agreement recognize that the par values of members' currencies may have to be adjusted from time to time, in consultation with the Fund, and its concurrence is necessary in any change of more than 10 percent.

The currency holdings of the Fund may be purchased by member countries with their own currencies to assist them in meeting any temporary balance of payments deficits until they are able to make adjustments in their own monetary and financial policies. The members are expected to repurchase their currencies with gold or a convertible currency, principally dollars. The resources of the Fund are available to member countries also through standby agreements under which assurance is given to a member country that it may obtain assistance from the Fund up to certain limits and within a specified period.

The following tables show (1) the currency sales for the period March 1, 1947, to December 31, 1959, by calendar years and (2) standby arrangements in effect on December 31, 1959:

International Monetary Fund currency sales, Mar. 1, 1947, to Dec. 31, 1959, by calendar years

[In millions of U.S. dollars; detail does not add to total because of rounding]

Period	*Sales*	*Period*	*Sales*
Total	$3,403.7	1953	$229.5
		1952	85.1
1959	179.8	1951	34.6
1958	337.9	1950	-------
1957	977.1	1949	101.5
1956	692.6	1948	208.0
1955	27.5	1947	467.7
1954	62.5		

International Monetary Fund standby arrangements in effect on Dec. 31, 1959

[Expressed in millions of U.S. dollars]

Member country	Date of—		Amount available [1]
	Agreement	Expiration	
Total			208.2
Argentina	December 1959	December 1960	70.0
Colombia	October 1959	October 1960	41.2
Morocco	November 1959	November 1960	25.0
Peru	February 1958	March 1960	25.0
Spain	August 1959	August 1960	25.0
Dominican Republic	December 1959	December 1960	11.2
El Salvador	October 1959	April 1960	2.0
Honduras	January 1959	January 1960	0.8
Haiti	October 1959	Oct. 1960	4.0
Paraguay	August 1959	August 1960	2.8
Bolivia	May 1959	May 1960	1.2

[1] Includes amounts not yet drawn plus repurchases subsequent to the date of the standby agreement.

Borrowers from the Fund pay charges on amounts borrowed as follows:

1. A service charge of one-half of 1 percent on the total amount drawn.

2. Plus the following interest charges:

(*a*) On amounts drawn up to 50 percent of the member's quota in excess of the member's gold contribution to the Fund, there is no charge for the first 3 months after the drawing, and 2 percent per annum is charged for the next 15 months.

(*b*) On amounts drawn between 50 and 75 percent of the member's quota in excess of the member's gold contribution to the Fund, there is no charge for the first 3 months after the drawing, and 2 percent per annum is charged for the next 9 months.

(*c*) On amounts drawn between 75 and 100 percent of the member's quota in excess of the member's gold contribution to the Fund, there is no charge for the first 3 months after the drawing, and 2 percent per annum is charged for the next 3 months.

(*d*) After 2 percent is charged in accordance with paragraphs (*a*), (*b*), and (*c*) the charges rise at the rate of one-half of 1 percent for each 6 months during which the money is retained.

Charges were originally established by the articles of agreement (art. V, sec. 8). Changes may be made in them by a three-fourths majority of the total voting power. The charges set forth above are the current charges.

FINANCING

In October 1958 at the 13th annual meeting of the Governors of the Fund and the International Bank, the United States took the initiative in proposing increases in the members' quotas. Subsequently the Executive Directors recommended a general 50 percent increase which was approved by the Governors and submitted to the member governments. The United States effected the increase in its quota by congressional amendment of the Bretton Woods Agreements Act of 1945 (Public Law 86–48, 86th Cong.) approved June 17, 1959.

On December 31, 1959, there were 68 members with aggregate combined quotas in approximately the equivalent amount of $13.958 billion, as the result during that month of the general increase by 50 percent of the quotas of the membership and of special additional increases of some members. The United States quota was increased by 50 percent from $2.75 billion to $4.125 billion and continues to be the largest. On December 31, 1959, the United States had 25.52 percent of the voting power. (See table I on p. 35 for membership and quotas in the Fund as of March 1, 1960.)

The Bretton Woods Agreement provides that the country quotas be paid one-fourth in gold and three-fourths in the currency of the member country. The United States made payment of its original subscription as soon as it became a member and of its subscription increase in June 1959, pursuant to an amendment to the Bretton Woods Agreements Act (Public Law 86–48, 86th Cong.).

The Act authorizing the United States to become a member provided for payment of $1.8 billion from a fund established by the Gold Reserve Act of 1934 (U.S.C., title 31, sec. 822a). (This represented profits from the revaluation of gold in 1934.) The balance of the

United States subscription was authorized to be paid from the proceeds of securities issued under the Second Liberty Bond Act as a public debt transaction. Like the original amount, the increased quota was financed as a public-debt transaction and did not require congressional appropriation.

The articles of agreement provide that a part of a member's quota which is due and payable in the member's currency and which the Fund finds it does not need for its operations, may be in the form of non-interest-bearing demand notes which the Fund can cash whenever it needs the money. As of December 31, 1959, the outstanding amount of non-interest-bearing notes of the United States was $2.065 billion.

Essentially the Fund is a pool of currencies. The Treasury Department explains that in theory there can be no losses. The members just exchange currencies—their own for another country's.

In order to raise income for the purpose of meeting operating deficits, if any, the Fund in January 1956 initiated a program permitting the investment of a portion of the Fund's gold in a manner which would enable the Fund to reacquire gold at any time and maintain the gold value of the investment. Under this program $200 million of the Fund's gold was sold to the United States and the proceeds invested in United States Treasury bills. As of December 31, 1959, the Fund had such gold sales outstanding of $500 million. The income earned by the Fund in this manner since October 1957 ($14,595,836.29 as of December 31, 1959) is placed in a special reserve for use only to cover operating deficits.

INTERNATIONAL FINANCE CORPORATION

CREATION

On December 11, 1954, the United Nations General Assembly adopted a resolution endorsing the establishment of the International Finance Corporation and requesting the International Bank for Reconstruction and Development to take steps to bring the Corporation into being. On April 11, 1955, the International Bank transmitted to member governments for their consideration the articles of agreement of the International Finance Corporation. (See pp. 100–113 for text of the articles of agreement.) The President of the United States was authorized to accept membership in the International Finance Corporation Act (Public Law 350, 84th Cong., see pp. 98–99 for text) and on December 5, 1955, the United States deposited its instrument of acceptance. The International Finance Corporation came into existence July 24, 1956, after 31 countries, with subscriptions totaling $78.4 million, had deposited their instruments of acceptance.

PURPOSE

Article I of the articles of agreement provides that the Corporation shall [italic supplied]—

(1) *In association with private investors*, assist in financing the establishment, improvement, and expansion of productive private enterprises which would contribute to the development of its member countries by making investments *without guaranty* of repayment by the member government concerned, in cases where sufficient private capital is not available on reasonable terms;

(2) Seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and

(3) Seek to stimulate, and to help create conditions conducive to, the flow of private capital, domestic and foreign, into productive investment in member countries.

NATURE OF OPERATIONS

Although a separate legal entity, the Corporation operates as an affiliate of the International Bank and is authorized to use the facilities, personnel, and services of the Bank. Membership in the Corporation is open only to members of the Bank, and each member is represented by the same Governor in the two institutions. The President of the Bank is Chairman of the Corporation's Board of Directors. All powers of the Corporation are vested in the Board of Governors and they may delegate to the Board of Directors authority to take all but specified major actions (art. IV). Each member has 250 votes plus 1 additional for each share of stock held.

The following principles are set forth in the articles of agreement as a guide in its operations:

(1) The Corporation shall not undertake any financing for which, in its opinion, sufficient private capital could be obtained on reasonable terms;

(2) The Corporation shall not finance an enterprise in the territories of any member if the member objects to such financing;

(3) The Corporation shall impose no conditions that the proceeds of any new financing by it shall be spent in the territories of any particular country;

(4) The Corporation shall not assume responsibility for managing any enterprise in which it has invested;

(5) The Corporation shall undertake its financing on terms and conditions which it considers appropriate, taking into account the requirements of the enterprise, the risks being undertaken by the Corporation, and the terms and conditions normally obtained by private investors for similar financing;

(6) The Corporation shall seek to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms;

(7) The Corporation shall seek to maintain a reasonable diversification in its investments.

The Corporation is prohibited from investing in capital stock but may otherwise make investments in any form deemed appropriate, including investments which can be converted into capital stock by another holder. The Corporation will finance only private enterprises and not undertakings which are government-owned and operated or in which there is significant government participation. The enterprise must be located in a member country or its dependent territories.

In its report on legislation providing for United States participation, the House Committee on Banking and Currency (H. Rept. 1299, 84th Cong., 1st sess., p. 4) commented as follows on the Corporation's operations:

> The International Finance Corporation would be of particular importance to small- and middle-sized firms and investors. In the first place small enterprises in the foreign field frequently need investment funds beyond their own resources and beyond what they can raise in normal banking channels. It is expected that the International Finance Corporation will cooperate with private venture capital organizations in the financing of particular enterprises. Since the International Finance Corporation can operate only in conjunction with private investors, the International Finance Corporation would encourage, and not compete with, private investment. * * *

Further, the report contained the following comments on the relationship of the International Finance Corporation to the International Bank and the Export-Import Bank:

> The urgent need for increased private investment in the less developed areas cannot be met completely by either the International Bank or the Export-Import Bank. In general, the ability of the International Bank to make loans to private enterprises is restricted by the requirement in its charter that its loans must be guaranteed by an official agency of the country where the project is located. Furthermore, the International Bank's ability to finance private enterprise is affected by the fact that the Bank makes only fixed interest loans. [The IFC interest rates are negotiated in each case.]
>
> The role of the Export-Import Bank is primarily to offer banking facilities for exports or imports from the United States and in appropriate cases capital for investment on a loan basis. Both the Export-Import Bank and the International Bank make loans on the basis of a reasonable expectation of repayment, rather than supplying venture capital.

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Unlike the International Bank and the International Monetary Fund, the International Finance Corporation does not have a standard rate of interest or charges which apply to all of its borrowers at any one time. The interest rate is negotiated, along with the other terms, each time an investment is made. In addition to interest charges, the Corporation may retain the right to participate in the profits as well as in the growth of the business. Of total commitments outstanding on December 31, 1959, all but two contained an option on shares of the company and interest rates ranged from 5 to 7 percent.

The Corporation's first investment was announced in June 1957 (H. Doc. 319, 85th Cong.). It was a commitment to invest $2 million in a Brazilian manufacturer of heavy electrical apparatus. As of December 31, 1959, the Corporation had entered into 29 investment commitments in 12 countries in the net equivalent of $22.9 million.

The articles of agreement (art. III, sec. 4) authorize the Corporation—

> to take appropriate action to protect its interests in any situation which, in its judgment, threatens to jeopardize its investment. The otherwise applicable limitations on the Corporation's power to acquire capital stock and to undertake management responsibility, for example, would not prevent it from exercising such powers should such a situation of jeopardy arise.

Thus, under this provision, the otherwise applicable limitations on the Corporation's power to acquire capital stock and to undertake management responsibility, for example, would not prevent it from exercising such powers should a situation of jeopardy arise. To date there has been no occasion for the Corporation to invoke this provision.

FINANCING

The authorized capital of the International Finance Corporation is $100 million. As of March 25, 1960, there were 59 member countries with subscriptions to the capital stock of $95,506,000. (See table III on p. 37 for membership and subscriptions in the Corporation as of March 25, 1960.) The United States subscription is $35,168,000, payment of which was authorized by the International Finance Corporation Act (Public Law 350, 84th Cong., approved August 11, 1955) from the proceeds of securities issued under the Second Liberty Bond Act as a public debt transaction.

As of December 31, 1959, the International Finance Corporation reported a net income of $6.7 million, all of which was credited to a reserve against losses.

INTER-AMERICAN DEVELOPMENT BANK

CREATION

During August and September 1957, the United States and Latin American countries approved a resolution recommending that the Inter-American Economic and Social Council convoke a specialized committee of government representatives to study possible solutions to the problems of financing the economic development of Latin America, including consideration of proposals for an inter-American financial institution. After informal discussions, a Specialized Committee for Negotiating and Drafting the Instrument of Organization of an Inter-American Financial Institution was convoked and met in Washington, D.C., in January 1959. The final act of the Specialized Committee embodied a proposed "agreement establishing the Inter-American Development Bank" for submission to the American Republics.

The agreement remained open for ratification or acceptance until December 31, 1959, to enter into force when instruments of acceptance or ratification were deposited by representatives of countries whose subscriptions comprise not less than 85 percent of the total subscriptions. On December 30, 1959, the agreement entered into force and effect upon receipt of the required number of acceptances or ratifications. (See table on p. 37.)

Public Law 147, 86th Congress, which authorized United States membership in the Inter-American Development Bank, was signed by the President on August 7, 1959 (text on pp. 114–117). Appropriations were included in Public Law 213, 86th Congress, which was approved September 1, 1959. The United States formally signed the agreement on October 14, 1959. (See pp. 118–143 for text of the Articles of Agreement.)

PURPOSE

The primary purpose of the Bank is to accelerate the economic development of the American Republics by promoting public and private investment, by providing capital for development purposes, by cooperating with the member countries in the orientation of their policies to utilize their resources more effectively, and by providing technical assistance to them in relation to the programing and planning of development projects.

NATURE OF OPERATIONS

The Bank has a Board of Governors, a Board of Executive Directors, a President, an Executive Vice President, and a Vice President in charge of the Fund, as well as such other officers and staff as necessary. Each member appoints a Governor and one alternate.

The Board of Governors, in whom all powers of the Bank are vested, may delegate those powers to the Board of Executive Directors, except the following power to—

1. Admit new members;
2. Change the amount of authorized capital stock or contributions to the Fund;
3. Elect and determine the salary of the President;
4. Suspend a member;
5. Determine the salary of executive directors and their alternates;
6. Decide appeals from Directors' interpretations of agreement;
7. Authorize conclusion of general agreements for cooperation with other international organizations;
8. Approve the balance sheet and statement of profit and loss;
9. Determine reserves and distribution of net profits;
10. Select outside auditors to certify the Bank's statements;
11. Amend the articles of agreement;
12. Decide to terminate operations and distribute assets.

Seven Executive Directors are to be responsible for the conduct of the Bank. One is to be appointed by the member having the largest subscription; the other six are to be elected by the Governors of the remaining members.

The President conducts the ordinary business of the Bank, and is its chief of staff and legal representative. The principal office of the Bank will be in Washington, D.C.

The Bank has two distinct spheres of activity, as follows:

1. *Ordinary operations.*—consisting of loans, repayable in the currency or currencies lent and financed from capital subscriptions for this purpose, proceeds of borrowings, and reserves or undistributed surplus.

2. *Fund for Special Operations*—consisting of loans, repayable wholly or partially in the borrower's currency and financed by contributions to the Fund, borrowings made for the Fund, and returns from its operations. That portion of the loan not repayable in the borrower's currency will be repayable in the currency lent.

Ordinary operations

Loans may be made to member countries or their political subdivisions and to private entities. The Bank is not required to obtain a country's guarantee but it is prohibited from financing a project in a country if that country objects.

Although the loans will be principally for specific projects, the Bank may make loans to finance joint projects.

The terms of the loan will be determined when the loan is made. The Bank is required to charge a commission of 1 percent on all loans, however, which may be reduced only by a two-thirds majority of the total voting power of the member countries.

In addition to making loans with its own funds, the Bank may guarantee loans made by private lenders.

Fund for Special Operations

Loans from this Fund will be made on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects.

Generally, the operations of this Fund will be governed by the same provisions as apply to the ordinary loans and will utilize to the fullest extent possible the same personnel and facilities.

FINANCING

The Inter-American Development Bank resources will total $1 billion (expressed in United States dollars as of January 1, 1959)—$850 million authorized capital stock and a $150 million Fund for Special Operations.

The authorized capital stock of $850 million is divided into 85,000 shares of $10,000 each. The subscriptions were figured on the basis of current International Monetary Fund quotas. The United States subscription is 35,000 shares, or $350 million (41+percent of the total authorized capital). (See table IV on p. 37.)

Of the total authorized capital stock of $850 million, $400 million is to be paid in and $450 million callable to meet obligations on borrowings or guarantees made and chargeable to ordinary capital resources.

The paid-in portion of capital is payable in three installments as follows: 20 percent at any time after acceptance or ratification but not later than September 30, 1960 (United States subscription share equals $30 million); 40 percent on a date specified by the Bank on or after September 30, 1961 (United States subscription share equals $60 million); 40 percent on a date specified by the Bank on or after September 30, 1962 (United States subscription share equals $60 million), leaving a callable balance of the United States subscription of capital stock of $200 million.

Half of each installment is payable in gold or United States dollars, or a combination of both, and the remaining half is to be paid in the member's national currency.

No member is liable for the second and third installments unless 90 percent of the total obligations of the members with respect to prior installments of capital subscriptions and of contributions to the Fund for Special Operations have been met. These conditions may be waived by a three-fourths majority of the total voting power of the Board of Governors.

Fund for Special Operations

The $150 million Fund for Special Operations is to be fully paid in. The members' quotas (United States quota equals $100 million) are payable in installments as follows: 50 percent on acceptance of membership but not later than September 30, 1960; balance in one or more installments at the discretion of the Bank but not earlier than 1 year after the Bank begins its operations and not later than the date of the last installment of the capital stock.

The following tables summarize the nature and payment of the Bank's resources:

Resources of the Inter-American Development Bank

[In millions of U.S. dollars]

	United States	Latin American countries	Total
Bank capital:			
Paid in (in 3 installments):			
Gold or dollars	75	125	200
National currency	75	125	200
	150	250	400
Callable	200	250	450
Total	350	500	850
Proportion (percent)	41.2	58.8	100
Fund for Special Operations (in 2 or more installments):			
Gold or dollars	50	25	75
National currency	50	25	75
Total	100	50	150
Total (Bank capital and Fund for Special Operations)	450	550	1,000

Timing of United States payments to the Inter-American Development Bank

[In millions of U.S. dollars]

	Initial payment (not later than Sept. 30, 1960)	On or after Sept. 30, 1961	On or after Sept. 30, 1962	Totals
Bank capital	30	60	60	150
Fund for Special Operations	50	[1] 50		100

[1] Payments on this portion of the quota in the Fund for Special Operations could be required by the Bank at any time subsequent to 1 year after the Bank has begun operations.

The Supplemental Appropriation Act, 1960 (Public Law 86–213, approved Sept. 1, 1959) includes an appropriation to finance U.S. participation in the Inter-American Development Bank:

to remain available until expended, $280 million, of which $230 million is for the purchase of capital stock in said Bank (including $200 million for callable capital stock and $30 million for the first installment on the paid-in capital stock) and $50 million is for payment of the first installment of the subscription of the United States to the Fund for Special Operations of said Bank.

Increases in capital

The articles of agreement provide that both the capital stock and the Fund for Special Operations may be increased. The callable capital of the Bank may be increased $500 million provided the date for payment of all subscriptions has passed and that a regular or special meeting of the Board of Governors held promptly thereafter shall have approved the increase by a three-fourths majority of the total voting power of the member countries. Members will have a right, but not an obligation, to subscribe to a proportionate share of the increased capital. Similarly, an increase in the resources of the Fund for Special Operations may be authorized by a vote of the Governors holding three-fourths of the total voting power, and the members have a right, but not an obligation, to subscribe to a proportionate share of the increase.

The Bank has authority to add to its resources by borrowing and may pledge its callable capital. Of the $850 million authorized capital, $450 million is callable and may serve as a guarantee fund against the Bank's own obligations to private investors. The Bank also has authority to borrow for the Fund for Special Operations, but the callable capital of the Bank may not be pledged against such borrowings. The members' liability would be solely for the unpaid portion of their respective quotas in the Fund.

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREATION

Articles of agreement of an International Development Association as an affiliate of the International Bank for Reconstruction and Development have been submitted to member governments by the Executive Directors of the International Bank. (See pp. 144–161 for text.)

On February 18, 1960, the President of the United States sent a message to Congress, submitting the articles of agreement for the establishment of the International Development Association and recommending legislation authorizing United States participation and payment of its subscription.

The articles of agreement provide that the agreement shall enter into force when governments whose subscriptions total not less than 65 percent of the total subscriptions have signed it and deposited their instruments of acceptance, but in no event before September 15, 1960. The governments have until December 31, 1960, to become members, and this may be extended by the Executive Directors for 6 months.

Consideration of the establishment of an International Development Association arose from discussions in the United States, and in particular from the passage on July 23, 1958, of Senate Resolution 264, 85th Congress, 2d session. (See p. 162 for text of resolution.) Under the terms of this resolution, the National Advisory Council on International Monetary and Financial Problems made a study of the desirability of the establishment of an International Development Association. Also, pursuant to an exchange of letters between President Eisenhower and Secretary of the Treasury Anderson, the Secretary, as United States Governor of the International Bank, held informal discussions with the other Bank Governors at the Bank's meeting in New Delhi in October 1958.

Following the New Delhi discussions, meetings were held in Washington and in other countries with representatives of member governments of the International Bank over a period of several months. On the basis of these discussions and its own study, the National Advisory Council evolved an outline of the principal elements of the Association. On August 14, 1959, the National Advisory Council transmitted a report to the Senate Committee on Foreign Relations (S. Doc. No. 45, 86th Cong., 1st sess.) containing a review of the various proposals which had been discussed up to that time and the text of guidelines. The Council concluded that an International Development Association would be both feasible and desirable.

The Board of Governors of the International Bank at their annual meeting on October 1, 1959, in Washington, unanimously approved a United States resolution requesting the Executive Directors of the Bank to formulate articles of agreement for submission to the member governments of the Bank. During the course of the meeting many

Governors were able to report that their governments were prepared to support, in principle, the establishment of an International Development Association.

The General Assembly of the United Nations also adopted a resolution on December 9, 1959—

> welcoming the decision in principle taken at the recent annual meeting of the Board of Governors of the International Bank for Reconstruction and Development to establish an International Development Association as an affiliate of the Bank.

PURPOSE

Article I of the articles of agreement defines the purposes of the International Development Association as follows:

> to promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development * * * and supplementing its activities.

The Association is envisaged as an institution, using capital funds made available multilaterally, which will be able to promote international development by financing sound projects on terms not possible under International Bank or other lending sources. The use of local currencies, including some part of those available to the United States from the sale of agricultural surpluses and other programs, is also envisaged.

NATURE OF OPERATIONS

The Association, an affiliate of the International Bank, is to have a Board of Governors, Executive Directors, a President and such other officers and staff as it determines necessary. All the powers of the Association are to be vested in the Board of Governors, who may delegate their powers to the Executive Directors, except the power to (1) admit and determine conditions for new members, (2) authorize and determine additional subscriptions, (3) suspend memberships, (4) decide appeals from the Executive Directors' interpretations of the agreement, (5) make arrangements for cooperation with other international organizations, (6) suspend operations and distribute assets of the Association, (7) determine distribution of the Association's net income and (8) approve proposed amendments to the Agreement.

The Governors and Alternate Governors of the International Bank representing members who are also members of the Association will be ex officio Governors and Alternate Governors of the Association. Likewise, the Chairman of the Board of Governors of the Bank shall serve in the same capacity in the Association if the State he represents is a member of the Association. The annual meeting of the Association's Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the International Bank.

In a similar manner, the Executive Directors of the International Bank are ex officio Directors of the Association (the Executive Directors will be responsible for conducting the general operations of the Association); the President of the World Bank is to be ex officio President of the Association; and the principal office of the Associa-

tion shall be the principal office of the International Bank, although it may establish other offices.

Although closely affiliated with the International Bank, the Association is a separate and distinct entity. Its loans will be made on the basis of high developmental priority in the areas concerned and usually for specific projects. They will not be made, however, if in the Association's opinion financing could be obtained on reasonable terms from a private source or by a loan of the type made by the International Bank.

Loans may be made to: (1) a member government, (2) the government of a territory included within the Association's membership, (3) a political subdivision of either of the above, (4) a public or private entity in the territories of a member, (5) a public international or regional organization. If the loan is to an entity other than a member of the Association, a suitable guarantee may be required.

The loan must be recommended by a committee appointed by the Association and including a nominee of the Governor or Governors in whose territories the project is located and a representative of the technical staff. The member in whose territory the project is located must have no objection to the loan (does not apply if the loan is to a public international or regional organization).

The Association may also (art. V, sec. 5)—

(1) Borrow funds with approval of member in whose currency loan is denominated.

(2) Guarantee securities in which it has invested to facilitate their sale.

(3) Buy and sell securities issued or guaranteed by it or in which it has invested.

(4) Guarantee loans from other sources in special cases.

(5) Provide technical assistance and advisory services at member's request.

FINANCING

Of total subscriptions of $1 billion, the United States subscription would be $320.29 million, or a little more than 32 percent, a proportion comparable to its subscription to the International Bank.

The subscription of each member government to the Association is divided into a 10-percent portion and a 90-percent portion. The 10-percent portion of all subscriptions will be due and payable in gold or freely convertible currency. The 90-percent portion of all subscriptions is divided into two categories between (1) those who are economically more advanced and not expected to be recipients of the Association's financing and (2) the remaining members.

For those 17 members in the first category, including the United States, the 90-percent portion of their subscriptions is also payable in gold or freely convertible currency, while that portion of the subscriptions of those in the second category will be payable in their local currencies.

The United States subscription of $320.29 million would, therefore, be due and payable in the following manner:

Ten percent, $32,029,000: 50 percent ($16,014,500) within 30 days after the Association begins operations or the date it becomes a member, whichever is later; $4,003,625 1 year after the Associa-

tion begins operations and annually thereafter for the next 3 years.

Ninety percent, $288,261,000: 20 percent ($57,652,200) when the first installment of the 10-percent portion above is due, within 30 days after the Association begins operations or the date it becomes a member, whichever is later; 20 percent ($57,652,200) when the second installment of the 10-percent portion above is due, and 20 percent ($57,652,200) annually thereafter for the next 3 years.

The articles of agreement (art. III, sec. 1) provide that the Association shall review the adequacy of the resources at such time as it deems appropriate and at intervals of 5 years, and if it deems necessary, authorize an increase in subscriptions. The decision as to any additional subscriptions will require a two-thirds majority of the total voting power. However, no member will be obligated to increase his subscription.

The articles of agreement (art. III, sec. 2) provide that the Association may receive from a member the currencies of other members, for example, the currencies which are generated by U.S. sales of surplus agricultural commodities under Public Law 480. The member whose currency is being transferred to the Association must agree to such transfer of its currency. As evidence of the transaction, the member contributing the currency would receive a nonvoting "special development certificate" which would state the nature and amount of funds as well as the conditions under which provided. The conditions might include provision for disposition of earnings on such resources.

DEVELOPMENT LOAN FUND

CREATION

The Development Loan Fund (title II of the Mutual Security Act of 1954, as amended—see pp. 163–167 for text) was established in the Mutual Security Act of 1957 (sec. 6, Public Law 85–141, approved August 14, 1957). In 1958 the Mutual Security Act was amended and the Development Loan Fund incorporated (sec. 203, Public Law 85–477, approved June 30, 1958), as had been suggested the previous year by committee of conference, which—

> agreed that the most effective arrangement for administering a long-range development loan program is a Government corporation with substantial capital, and officers and directors with powers and duties defined and limited by law. The corporation should be under the policy direction of the State Department; its operating personnel should concentrate on handling development loans but its direction should be coordinated with other agencies along the lines provided in the conference report (H. Rept. 1042, 85th Cong., pp. 4 and 5).

PURPOSE

The Act establishing the Fund—

> declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities (sec. 201, Public Law 85–141, 85th Cong.).

NATURE OF OPERATIONS

The management of the Fund is vested in a Board of Directors consisting of the Under Secretary of State (Chairman), the Director of the International Cooperation Administration, Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development, and is subject to the foreign policy guidance of the Secretary of State.

In addition to the chief executive officer—the Managing Director—who is appointed by the President by and with the advice and consent of the Senate, there are a Deputy Managing Director and four other officers who are appointed by the Board, and they all are subject to the supervision and direction of the Board.

The Fund is authorized—

> to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved (sec. 201 of Public Law 85–141, as amended by sec. 203 of Public Law 85–477, 85th Cong.).

The law requires that the loans be made from the Fund only on the basis of firm commitments by the borrowers to make repayment and

the finding of a reasonable prospect of repayment. While the Fund does not require a guarantee of repayment by the government of the nation in which the investment is made, the Fund will not make loans if an investment is unacceptable to that government.

The law also requires that the Fund support and encourage private investment and not compete with it or the Export Import Bank or the International Bank for Reconstruction and Development. The Fund is subject to section 4 of the Bretton Woods Agreements Act which provides for the coordination of foreign lending agencies through the National Advisory Council on International Monetary and Financial Problems. Furthermore, the law requires the Development Loan Fund to recognize that development loan assistance will be most effective in countries which demonstrate a clear willingness to take effective self-help measures and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives.

The Development Loan Fund may not finance projects requiring substantive technical or financial planning until engineering, financial or other plans necessary to carry out the project and a reasonably firm estimate of the total United States financial assistance required for the project have been completed. (Sec. 517 of the Mutual Security Act of 1954, as amended.) It may not conclude loan or guaranty agreements which require legislative action within the host country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement is signed. In addition, before any funds of the Development Loan Fund may be used to finance the construction of any new flood control, reclamation, or other water or related land resource projects, the Fund must, in accordance with legislation governing Mutual Security funds, be furnished information relative to costs and benefits of the project sufficient to determine its feasibility.

The Fund is prohibited from guaranteeing equity investment against normal business-type risks.

Eligible enterprises include basic developmental activities (provided they make a clear contribution to the long-range economic development and growth of the country) as well as industrial, agricultural, financial, commercial, extractive, power, transport, communications and other business enterprises provided they give reasonable promise of contributing, either directly or indirectly, to the increase of productive capacities of the countries concerned. Preference generally will be given to proposals requiring assistance to cover the United States dollar costs of projects in which other costs, including local currency costs are covered from other sources. Those who produce goods of a less essential nature or do not contribute to an increase in production generally will have a low priority. The Fund, particularly in financing foreign exchange costs of development projects and programs, places primary emphasis on the financing of goods and services of United States origin.

Since October 20, 1959, the Development Loan Fund has emphasized the financing of goods and services of United States origin. The Fund announced that this policy stemmed from a presumption that other industrialized countries are now in a position to provide long-term loans on reasonable terms to finance more of their exports of capital goods to the less developed countries. Also, the Fund announced that the intent of this policy is to induce a greater participation by other developed countries in the common task of assist-

ing economic growth as well as, in time, having a favorable effect on the balance of payments.

The interest rate on the Fund's loans are negotiated, along with other terms, each time a loan is made. Currently, the interest rate on loans for such basic facilities as roads, harbors, railroads and multi-purpose dams is 3½ percent. On loans for profit-earning projects, such as manufacturing or extractive enterprises, the current interest rate is about 5¾ percent.

FINANCING

The following table shows the amounts authorized and appropriated by Congress for the Development Loan Fund:

Funds authorized and appropriated

1957	
Public Law 85–141, approved Aug. 14, 1957:	
Established the Fund and authorized to be appropriated, without fiscal year limitation	$500, 000, 000
Also, authorized to be appropriated, without fiscal year limitation, for advances beginning in fiscal year 1959	625, 000, 000
Public Law 85–279, approved Sept. 23, 1957:	
Appropriated, to remain available until expended	300, 000, 000
1958	
Public Law 85–477, approved June 30, 1958:	
Incorporated the Fund; no new funds authorized but assets transferred to new corporation.	
Public Law 85–853, approved Aug. 28, 1958:	
Appropriated, to remain available until expended	400, 000, 000
1959	
Public Law 86–30, approved May 20, 1959:	
Appropriated, to remain available until expended	150, 000, 000
Public Law 86–108, approved July 24, 1959:	
Authorized to be appropriated without fiscal year limitation for advances beginning in fiscal year 1960, not to exceed $1,800,000,000, with $700,000,000 to be advanced in fiscal year 1960 and $1,100,000,000 in fiscal year 1961	1, 800, 000, 000
Public Law 86–383, approved Sept. 28, 1959:	
Appropriated, to remain available until expended	550, 000, 000

Annually the Congress establishes a limitation on the amount of funds which the Development Loan Fund may use for administrative expenses. The limitation for fiscal year 1960 was $1.820 million. For fiscal year 1961 the Executive proposes a limitation of $2.150 million for such administrative expenses. As of December 31, 1959, the Development Loan Fund has made expenditures on loans in the amount of $162,363,000. This represents expenditures in connection with 38 loan agreements. Expenditures are not made as soon as the agreement is signed but as the need for funds arises and the conditions of the loan agreement are met.

In addition to the appropriations, financing is provided from receipts of operations. Principal and interest payments by the borrower, as well as guarantee fees, may be made in either local currency or dollars or other currencies as specified in the loan agreement. Such guarantee fees, and the principal and interest payments are available for further lending by the Fund.

The following table shows the status of the Fund as of December 31, 1959:

Status of Development Loan Fund as of Dec. 31, 1959

Loan agreements signed	$748, 806, 000
Guaranty agreements signed	4, 500, 000
Letters of advice issued	155, 450, 000
Letters of advice pending	21, 100, 000
Other project commitments	18, 150, 000
Total commitments	948, 006, 000
Total amount appropriated	1, 400, 000, 000
Less administrative expense limitation, 1959–60	−3, 034, 078
Plus interest collections apportioned	+116, 428
Less other miscellaneous adjustments	−107, 176
Lending authority available	1, 396, 975, 174
Less total commitments	948, 006, 000
Net available for loans	448, 969, 174

Status of DLF loans by regions

[In thousands]

	Number of loans		Amount		Disbursed	Repaid	Interest and fees earned [1]
	Approved	Obligated	Approved	Obligated			
Africa:							
Fiscal year 1958	2		$9, 300				
Fiscal year 1959	8	7	31, 540	$28, 840	$50		[2]
Fiscal year 1960 [3]	2	2	23, 250	1, 300	610	$33	$9
Total	12	9	64, 090	30, 140	660	33	9
Europe:							
Fiscal year 1958	1		3, 000				
Fiscal year 1959	7	4	75, 300	53, 100	561		5
Fiscal year 1960 [3]		2	2, 700	24, 000	2, 301	30	34
Total	8	6	81, 000	77, 100	2, 862	30	39
Far East:							
Fiscal year 1958	8		38, 236				
Fiscal year 1959	18	19	139, 990	118, 626	2, 513		77
Fiscal year 1960 [3]	4	6	18, 250	21, 800	2, 538	45	118
Total	30	25	196, 476	140, 426	5, 051	45	195
Latin America:							
Fiscal year 1958	3	1	8, 500	5, 000			
Fiscal year 1959	15	12	57, 290	44, 190	3, 073		38
Fiscal year 1960 [3]	3	5	11, 800	20, 900	17, 167	61	133
Total	21	18	77, 590	70, 090	20, 240	61	171
Near East:							
Fiscal year 1958	5	1	89, 000	15, 000	1, 500		
Fiscal year 1959	13	7	83, 400	91, 100	35, 098	50	474
Fiscal year 1960 [3]	2	6	30, 150	70, 400	19, 617	92	1, 089
Total	20	14	202, 550	176, 500	56, 215	142	1, 563
South Asia:							
Fiscal year 1958	12	4	119, 350	82, 100			
Fiscal year 1959	12	14	180, 650	185, 350	24, 268	25	221
Fiscal year 1960 [3]	3	6	36, 500	60, 550	53, 065	2, 732	1, 118
Total	27	24	336, 500	328, 000	77, 333	2, 757	1, 339
All regions:							
Fiscal year 1958	31	6	267, 386	102, 100	1, 500		
Fiscal year 1959	73	63	568, 170	521, 206	65, 564	75	816
Fiscal year 1960 [3]	14	27	122, 650	198, 950	95, 299	2, 993	2, 500
Total	[4] 118	[5] 96	958, 206	822, 256	162, 363	3, 068	3, 316

[1] This refers to interest which has been earned but which is not necessarily due. As of Feb. 29, 1960, interest in the amount of $4,586,948 had been earned but only $2,334,002 had been collected. There were no defaults in the loans as of that date.

[2] Less than $1,000.

[3] Approvals and obligations through Jan. 31, 1960; disbursements, repayments, earnings through Dec. 31, 1959.

[4] Includes 2 guarantees.

[5] Includes 1 guarantee.

EXPORT-IMPORT BANK OF WASHINGTON

CREATION

The Export-Import Bank of Washington was created pursuant to Executive order dated February 2, 1934 (No. 6581) as a banking corporation under the laws of the District of Columbia February 12, 1934. It was a measure taken during the depression years (the authority was found in the National Industrial Recovery Act). It was hoped that the establishment of the Bank would stimulate trade. With the recognition of the Soviet Union it was expected that trade would develop which would require financing not privately available. The Board of Trustees took the position that credits should not be provided before the settlement of Soviet debts to the United States.

A second Export-Import Bank was created in 1934 under another Executive order (No. 6638), originally intended to provide certain credits to the Republic of Cuba but expanded to finance trade with all countries except Soviet Russia.

Following the breakdown of Soviet debt negotiations in 1935, the business of the Second Export-Import Bank was transferred to the original Export-Import Bank. By Executive Order (No. 7365), issued under date of May 7, 1936, the liquidation and dissolution of the Second Export-Import Bank was ordered, effective June 30, 1936.

The legislation creating the first Export-Import Bank authorized its existence until 1937 only. This was extended in 1937 until June 30, 1939 (Public Law 2, 75th Cong.); again in 1939 until June 30, 1941 (Public Law 3, 76th Cong.); again in 1940 until January 22, 1947 (Public Law 792, 76th Cong.). In the meantime the Bank's lending authority had been increased to $700 million and the Bank was limited so that it could not make loans to any government which was in default to the United States Government on April 13, 1934.

In extending the life of the Bank to 1947, the law also specifically provided for the making of loans to foreign governments and/or their central banks or agencies for the purpose of assisting in the development of resources, stabilizing economies, and for the orderly marketing of products of the Western Hemisphere.

In 1945 the Bank was reorganized (Public Law 173, 79th Cong.). The basic changes were: (1) The loan authority was raised from $700 million to $3.5 billion; (2) the prohibition of loans to governments in default was removed; (3) management of the Bank was vested in a Board of Directors with an advisory board to assist in determining broad policies; and (4) the Bank was made an independent agency of the Government and given indefinite life.

On June 9, 1947, the Bank was reincorporated under a Federal charter and the lending authority was limited to June 30, 1953 (Public Law 89, 80th Cong.). The reincorporation was necessary due to the passage of the Government Corporation Control Act which provided

that wholly owned Government corporations should not continue to exist after June 30, 1948, as an agency or instrumentality of the United States, but that prior to June 30, 1948, any such corporation might be reincorporated by Congress for such purposes and term of existence as the expiring corporation had (Public Law 248, 79th Cong.).

The Bank's authority was further extended from 1953 to June 30, 1958, in 1951 (Public Law 158, 82d Cong., approved Oct. 3, 1951). Pursuant to Public Law 85–55 of the 85th Congress, approved June 17,1957, the period within which the Bank may make loans was further extended to June 30, 1963.

PURPOSE

The objectives and purposes of the Bank are to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its territories or insular possessions and any foreign country or the agencies or nationals thereof.

NATURE OF OPERATIONS

The Export-Import Bank Act, as amended, provides for a five-man Board of Directors consisting of the President of the Bank who serves as Chairman, the First Vice President of the Bank who serves as Vice Chairman, and three additional Directors appointed by the President by and with the advice and consent of the Senate. (The President and First Vice President also are appointed by the President, by and with the advice of the Senate.)

There is a nine-member advisory committee, chosen by the Board of Directors from production, commerce, finance, agriculture, and labor, to advise with the Bank. This advisory committee is subject to call of the Chairman of the Board of Directors.

The President of the Export-Import Bank is a member of the National Advisory Council on International Monetary and Financial Problems, which has the power to coordinate the foreign lending activities of the Bank with those of other Government agencies. He is also a member of the Board of Directors of the Development Loan Fund established by the Mutual Security Act of 1957, approved August 14, 1957; and a member of the task force appointed by President Eisenhower for the consideration of steps to improve the export position of the United States.

All loans of the Bank are made for the purpose of financing United States trade. Applications come from United States exporters desiring assistance in financing sales abroad of their products or from foreign buyers requiring credit to purchase United States products. Credits may finance single export transactions or may provide the dollars necessary to acquire all of the United States equipment and services for a large development project abroad. The Bank may extend loans to either private or public borrowers, including foreign governments.

Congress has laid down the policy that the Bank should supplement and encourage private capital, not compete with it; also in connection with loans made the Bank is required to have a reasonable assurance of repayment; it does not make grants.

The net authorizations of the Bank from its inception in February 1934 through December 1959 totaled $8.6 billion.

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During the calendar year ended December 31, 1959, the Export-Import Bank authorized 98 credits totaling $549.8 million. These credits will help to finance United States exports to 31 countries and range in size from $3,000 to $135 million. They include 48 credits aggregating $546.9 million, authorized at the request of overseas purchasers of United States products, and 50 credits for $2.9 million set up at the request of United States exporters or financial institutions.

The interest rates charged borrowers by the Bank are dependent upon the interest rates charged by the United States Treasury on the Bank's borrowings. (The current payments on the Bank's borrowings to the United States Treasury are on a 4¾ percent basis; the rate is determined by the United States Treasury on the first day of each month for the ensuing month based on its market yield rates for medium term obligations.) In determining interest rates to be charged on loans, the Bank will take into consideration the nature of the loan and the extent of credit risks to be assumed by the Bank as affected by such guaranties as may be offered, as well as prevailing United States commercial and Government rates. The rates charged are coordinated with the recommendations of the National Advisory Council. Interest is computed on the outstanding balance. The current interest rates charged on exporter credits are not less than 6 percent; to governments and with Government guarantees, from 5¼ to 5¾ percent, and special consideration is given to and lower rates are established for short term commodity credits. In the case of the foreign currency loans made by the Bank pursuant to the Cooley amendment to Public Law 480, interest rates compare with those currently in effect in the foreign country.

The gross income for calendar year 1959 was $135.5 million. Interest paid to the Treasury on borrowed money was $46.6 million and operating expenses were $2.2 million. The net income was therefore $86.7 million, bringing the Bank's reserves and undistributed earnings to $592.7 million on December 31, 1959, after charging off losses over 25 years totaling $2.9 million.

In June 1953 Congress authorized the Bank to provide insurance in an aggregate amount of not to exceed $100 million outstanding at any one time for the benefit of citizens of the United States, including corporations, partnerships, and associations organized and existing under the laws of the United States or any State, district, territory, or possession thereof against the risks of losses of and damage to property of United States origin exported from the United States in commercial intercourse and located in any friendly foreign country. It was further provided that the insurance was to be available only to the extent that it could not be obtained on reasonable terms and conditions from insurance companies in the United States or from United States Government agencies providing marine or air war-risk insurance. Under these circumstances, the Bank is authorized to reinsure in whole or in part and is empowered to use insurance companies as its underwriting agent. Congress placed two restrictions on the Bank's insurance powers: (1) such insurance shall be based upon consideration of the risk involved and (2) the coverage shall not exceed 1 year, subject

to renewal or extension for periods not exceeding 1 year (Public Law 30, 83d Cong.). As of December 31, 1959, $45 million had been allocated for war risk and expropriation insurance on consigned exports of cotton and $5 million on tobacco.

Insurance on exports under Public Law 30, 83d Cong.

	Number of policies	Insured valuation	Number of bales
Cotton:			
Policies expired	2,962	$103,994,935	609,439
Unexpired	8	152,403	957
Total cotton	2,970	104,147,338	610,396
Tobacco:			
Policies expired	9	2,533,379	3.764
Unexpired	2	303,091	470
Total tobacco	11	2,836,470	[1] 4,234

[1] Hogsheads.

Loans under section 104(e) of Public Law 480 (Cooley amendment)

In extending the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) for the fiscal year 1958, the Congress made the Bank responsible for lending certain foreign currencies to private enterprise. Section 104(e) (known as the Cooley amendment (71 Stat. 345), approved August 13, 1957) permits the Bank to receive up to 25 percent of the proceeds in foreign currencies from sales of agricultural commodities negotiated under the Public Law 480 extension. As they are received, these funds may be lent to (1) United States business firms or their branches, subsidiaries, or affiliates for business development or trade expansion in the foreign country, or (2) to either United States firms or firms of the foreign country for expanding markets for and consumption of United States agricultural products abroad. The loans must be mutually agreeable to the Bank and the foreign government concerned. Loans for the manufacture of products to be exported to the United States in competition with goods produced in the United States or in competition with United States agricultural commodities or products thereof are prohibited.

Through January 31, 1960, the Export-Import Bank has authorized 94 credits in 15 foreign currencies for the equivalent of approximately $47.3 million. The Bank has also recommended for the approval of the respective foreign governments 10 additional credits in 5 countries aggregating the equivalent of $15.6 million. Thus, the Bank has acted favorably on 104 credits involving the equivalent of $62.9 million. This would absorb nearly 40 percent of the funds which are estimated to be actually available at this time.

The maximum amounts which the Bank may receive for section 104(e) loans under commodity sales agreements announced since August 1957 are shown in the following table. The table also indicates the currencies for which applications were being received and the number and amounts, in foreign currencies, of the credits authorized to January 31, 1960.

Loan programs under sec. 104(e) of Public Law 480, Jan. 31, 1960

[Money amounts in millions]

Country	Unit of currency	Percent of sales proceeds allocated for 104(e) loans	Maximum Export-Import Bank share for sec. 104(e) loan funds		Credits authorized	
			Foreign currency [1]	Dollar equivalent [2]	Number	Amount in foreign currency
Applications being accepted:						
Ceylon	Rupee	25	24.0	4.3	1	2.0
China (Taiwan)	New Taiwan dollar	24	189.5	4.8	3	32.2
Colombia	Peso	25	72.3	9.9	10	23.3
Ecuador	Sucre	25	4.5	.3	----------	----------
Finland	Markka	16	550.0	1.7	1	340.0
Greece	Drachma	15	115.8	3.9	3	41.0
Iceland	Króna	14	19.4	.8	----------	----------
India	Rupee	15	444.8	93.8	2	23.5
Indonesia	Rupiah	25	551.8	12.3	----------	----------
Israel	Pound	24	45.6	25.3	25	22.7
Korea	Hwan	2	925.8	1.9	1	100.0
Pakistan	Rupee	18	145.2	30.7	4	6.5
Philippines	Peso	25	1.9	.9	----------	----------
Turkey	Lira	15	134.2	14.9	5	26.3
United Arab Republic:						
Egypt	Pound	25	11.5	25.9	----------	----------
Syria	do	25	8.6	2.4	----------	----------
Uruguay	Peso	25	44.2	3.9	1	2.7
Vietnam	Piaster	25	93.1	1.3	----------	----------
Total	----------	----------	----------	237.1	56	----------
Receipt of applications terminated:						
Argentina	Peso	25	684.3	8.3	----------	----------
France	Franc (new)	25	34.3	7.0	9	28.5
Italy	Lira	25	3,898.4	6.3	5	2,437.5
Mexico	Peso	25	88.7	7.1	18	88.0
Peru	Sol	25	48.3	1.8	6	45.0
Total	----------	----------	----------	22.2	38	----------
Grand total	----------	----------	----------	259.3	[3] 94	----------

[1] Estimated from the dollar value of commodities as shown in the sales agreements at the average exchange rates applicable to sales, and with downward adjustments in cases where agreements have expired with incompleted sales.

[2] Converted from the foreign currency estimates at current exchange rates; hence, frequently different from the dollar amounts shown in the sales agreements.

[3] These credits are for foreign currency equivalent of approximately $47,300,000.

Commodity sales agreements negotiated with 14 countries provide that the full 25 percent of the sales proceeds be allocated to section 104(e) loans as authorized by the law. Agreements with nine countries provide less than 25 percent, and agreements with Burma, Poland, Spain, the United Kingdom, and Yugoslavia contain no provision for the loans. The average amount allocated to section 104(e) loans in all agreements since August 1957 has been 13 percent. Whenever less than 25 percent was stipulated under the sales agreement, other agencies of the Federal Government certified that there were compelling reasons for the departure from 25 percent.

Under the agreements announced the Bank might eventually receive the foreign currency equivalent of about $260 million. This is a ceiling figure. If a foreign country does not purchase all that it can under a sales agreement, the amount received by the Bank is reduced. The foreign currencies become available for the loans only after the commodities have been delivered and paid for in the foreign country and a share of the resulting deposits has been apportioned to the Bank.

Of the 94 credits which had been authorized, all but 9 have been to United States firms or their affiliates. The loans to non-U.S.-affiliated firms have been made on advice from the Department of Agriculture that they will help expand the markets abroad for United States wheat, barley, feed grains, malt, hops, soybeans, and cotton.

Most of the credits are of comparatively modest size, the equivalent of between $100,000 and $500,000. Only 10 loans have been equivalent to $1 million or more. By far the largest credit authorized was to the Indian subsidiary of the Goodyear Tire & Rubber Co. of Akron, Ohio, for the equivalent of about $4.7 million. This loan will help finance the construction of a plant for the production of automotive tires and tubes and related materials.

Other credits will assist firms in a wide variety of industries, including the manufacture of boilers, industrial pumps, farm machinery, electrical supplies and machinery, electrical appliances, electronic equipment, cement, precast concrete, refractory brick, pulp and paper products, aluminum products, pharmaceuticals, detergents, carbon black, petrochemicals, automotive parts, tires, animal feeds, shoes, and textiles. Credits have also been authorized for dairies in Peru and Taiwan, retail enterprises in Mexico and Peru, supermarkets in Italy, a hotel in Colombia, distributors of petroleum products in Finland, Greece, and Israel, and housing in Peru.

The loans are repayable in the local currency in which they are made, and there is no requirement for the maintenance of the currency's value. The interest rates are equivalent to those charged on similar loans by comparable institutions in the host country and range from 5 to 12 percent per annum. The term of repayment is generally between 5 and 10 years, including a waiting period when appropriate. Nearly half of the credits authorized have been made on the general credit of the borrower. When additional security is required, the practice is to use the guaranty of the United States firm with which the applicant is affiliated or the guaranty of a local bank. In every case, the Bank has satisfied itself that the security or assets behind the loan offered reasonable assurance of repayment.

In addition, the Bank serves as administering agent for mutual security loans and guarantees against currency-transfer risk and expropriation authorized by the International Cooperation Administration, and for defense production loans made by the Office of Civil and Defense Mobilization. It also acts as collecting agent for the Treasury on the debt settlement agreement with the Federal Republic of Germany.

FINANCING

The authorized capital stock is $1 billion, subscribed by the United States and held by Treasury. In addition, the Bank is authorized to issue for purchase by the Secretary of the Treasury notes and other obligations in the aggregate amount of $6 billion, for whose purchase the Secretary of the Treasury is authorized to use as a public debt transaction proceeds of securities issued under the Second Liberty Bond Act. The aggregate amount of loans, guarantees, and insurance which the Bank is authorized to have outstanding at any one time is $7 billion. As of December 31, 1959, the amount outstanding was $4,717,875,974.

Status of Export-Import Bank's authorizations and lending authority, February 1934 to Dec. 31, 1959

[Millions of dollars]

		Status of authorizations	Analysis of lending authority
Loans authorized		$10,482.4	
Participations by others	$410.9		
Cancellations and expirations	1,475.1		
Loans disbursed	7,079.8		$7,079.8
		−8,965.8	
Authorizations not disbursed, Dec. 31, 1959		1,516.6	
Loans repaid			−3,878.5
Loans outstanding, Dec. 31, 1959			3,201.3
Authorizations not disbursed, Dec. 31, 1959 (above)			1,516.6
Allocations for insurance on cotton and tobacco, Public Law 30, 83d Cong			50.0
Lending authority uncommitted as of Dec. 31, 1959			2,232.1
Loan ceiling authorized by the Congress			7,000.0

The administrative expenses of the Bank are paid out of the Bank's earnings. Congress places a limitation on the extent to which such expenses may be paid out of earnings. This limitation is reviewed by Congress annually. The limitation for fiscal year 1960 is $2,500,000. In addition, $200,000 of the amount of foreign currencies made available to the Bank was authorized available for expenses incurred by the Bank in making and servicing the Cooley section 104(e) loans.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

The National Advisory Council on International Monetary and Financial Problems was established by the Congress in the Bretton Woods Agreements Act (Public Law 171, 79th Cong.), approved July 31, 1945.

The Council was established "in order to coordinate the policies and operations of the representatives of the United States on the Fund [International Monetary Fund] and the Bank [International Bank for Reconstruction and Development] and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange, or monetary transactions" (sec. 4(a), Public Law 171, 79th Cong.).

The Council members, as provided by the statute, are—

The Secretary of the Treasury, Chairman.
The Secretary of State.
The Secretary of Commerce.
The Chairman of the Board of Governors of the Federal Reserve System.
The President and Chairman of the Board of Directors of the Export-Import Bank.

By agreement of the Council, the following serve as alternates:

The Assistant Secretary of the Treasury.
The Under Secretary of State.
The Assistant Secretary of Commerce for International Affairs
A member of the Board of Governors of the Federal Reserve System.
The First Vice President and Vice Chairman of the Board of Directors of the Export-Import Bank.

Others who participate in the work of the Council are the United States Executive Director of the International Monetary Fund and the International Bank for Reconstruction and Development (also Director of the International Finance Corporation) as well as their alternate; also, the Managing Director of the Development Loan Fund and representatives of the Bureau of the Budget and Department of Agriculture. In addition, representatives of other agencies take part on issues in their field of interest.

The International Finance Corporation Act (Public Law 350, 84th Cong.) and the Inter-American Development Bank Act (Public Law 86–147) provide that the provisions of section 4 of the Bretton Woods Agreements Act (see pp. 39–41) shall apply with respect to the Corporation and the Bank to the same extent as to the International Bank for Reconstruction and Development.

In addition to requiring the Council to submit reports to the President and the Congress on United States participation in the International Bank, the International Monetary Fund and other agencies making or participating in making foreign loans or engaging in foreign financial, exchange, or monetary transactions, as well as on their operations and policies, the Bretton Woods Agreements Act (sec. 4(b)) provides that—

> (1) The Council, after consultation with the representatives of the United States on the Fund and the Bank, shall recommend to the President general policy directives for the guidance of the representatives of the United States * * *.
>
> (2) The Council shall advise and consult with the President and the representatives of the United States on the Fund and the Bank on major problems arising in the administration of the Fund and the Bank.
>
> (3) The Council shall coordinate, by consultation or otherwise, so far as is practicable, the policies and operations of the representatives of the United States on the Fund and the Bank, the Export-Import Bank of Washington and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange, or monetary transactions.
>
> (4) Whenever, under the articles of agreement of the Fund or the articles of agreement of the Bank, the approval, consent, or agreement of the United States is required before an act may be done by the respective institutions, the decision as to whether such approval, consent, or agreement, shall be given or refused shall (to the extent such decision is not prohibited * * *) be made by the Council, under the general direction of the President. * * *
>
> (5) and (6) * * * [Provisions concerning requirement to report.]
>
> (7) The Council shall make such reports and recommendations to the President as he may from time to time request, or as the Council may consider necessary to more effectively or efficiently accomplish the purposes of this act or the purposes for which the Council is created.

The Council does not have a separate budget. The Members of the Council hold their official positions ex officiis. They do not receive any extra compensation for their membership in the Council. The staff committee of the Council consists of representatives of the various agencies who meet on call of the Secretariat. The Secretariat of the Council is part of the Treasury Department. Neither the staff committee nor the Secretariat receive additional compensation.

COMPARATIVE CHART OF THE ORGANIZATION, PURPOSE, FINANCING, AND REPAYMENT TERMS OF INTERNATIONAL LENDING AGENCIES

Organization	Members	Date came into existence	Statutory authority for U.S. participation	Purpose	Total capitalization	U.S. quota	U.S. method of financing	Repayment terms
1. International Bank for Reconstruction and Development.	Afghanistan, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Burma, Canada, Ceylon, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Federal Republic of Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Japan, Jordan, Korea, Lebanon, Libya, Luxembourg, Malaya (Federation of), Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Saudi Arabia, Spain, Sudan, Sweden, Thailand, Tunisia, Turkey, Union of South Africa, United Arab Republic (Egypt and Syria), United Kingdom, United States, Uruguay, Venezuela, Vietnam, and Yugoslavia.	Dec. 27, 1945	Bretton Woods Agreements Act, Public Law 171, 79th Cong.; amended to authorize an increase in the U.S. subscription by Public Law 86-48, approved June 17, 1959.	To assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes and thereby promote the long-range growth of international trade and the improvement of standards of living. To make loans for productive purposes out of its own funds obtained from capital subscriptions and borrowing in financial markets when private capital is not available on reasonable terms. To promote private foreign investment by guarantees of and participation in loans and investments made by private investors. (This power has never been used and the Bank indicates that its use is not contemplated, that it has found other and, in its view, more effective ways of enlisting the support of private investors, namely, (1) by bringing private money into the Bank's operations through large borrowing on the market; (2) by selling its loans or parts of loans to private investors; and (3) by making loans very often as part of a joint operation whereby the country borrows on the market simultaneously when receiving a Bank loan.)	$18,781,200,000 (as of Mar. 11, 1960).	Originally $3,175 million. Increased 100 percent to $6,350 million. (Amendment of Bretton Woods Agreements Act, Public Law 86-48, approved June 17, 1959.)	The original capital subscriptions were divided into 3 parts: (1) 2 percent paid in gold or dollars; (2) 18 percent paid in the local currency of the member country; and (3) 80 percent not paid in and not available for use in the lending operations of the Bank but subject to call and use only if required to meet the Bank's obligations. The United States paid in $635,000,000 (20 percent of its quota); the balance of its subscription, $2,540,000,000 was subject to call and would come from money raised by the sale of Government securities as a public debt transaction. No congressional appropriation is needed to secure these funds. At the 13th annual meeting in New Delhi in October 1958 of the Governors of the International Monetary Fund and the International Bank for Reconstruction and Development, Secretary of the Treasury Robert B. Anderson (the U.S. Governor) took the initiative in proposing large-scale increases in the capital of the Bank and of its sister institution, the International Monetary Fund. As a result, the Boards of Governors of both institutions requested the Executive Directors to submit proposals for an increase in resources. Proposals were mailed to the Governors of both institutions on Dec. 22, 1958. In the case of the Bank, the proposal was to double its capital without calling for any cash payment. On June 17, 1959, the Bretton Woods Agreements Act was amended to authorize the increased U.S. subscription (Public Law 86-48). For the United States, the amount of its uncalled subscription to the Bank rose from $2,540,000,000 to $5,715,000,000, which should enable the Bank to borrow in forthcoming years the large sums required to sustain its likely level of lending operations. No congressional appropriation is required for the increased subscription, if called; the money would come from the sale of Government securities as a public debt transaction.	Repayment terms are in the currency loaned or in the currency used by the Bank to acquire the loan funds. At any one time, the rate of interest charged is the same for all borrowers. The rate varies and is established upon the recommendation of the Bank's President and approval by the Board of Directors. Determination of the rate charged depends on 3 factors: (1) The rates in the main capital markets in which the Bank sells its bonds; (2) a commission charge of 1 percent on loans, and (3) ¼ of 1 percent (rounded) to pay for administrative expenses and overhead. The current rate is 6 percent, but in the past the rate has varied from 3 to 6 percent.
2. International Monetary Fund.	do	Dec. 27, 1945	do	1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems. 2. To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy. 3. To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation. 4. To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade. 5. To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity. 6. In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.	$14,011,550,000 (as of Mar. 1, 1960).	Originally $2,750 million; increased 50 percent to $4,125 million by amendment to Bretton Woods Agreements Act (Public Law 86-48, approved June 17, 1959).	The Bretton Woods Agreements Act provided that the country quotas should be paid one-fourth in gold and three-fourths in the currency of the member country. The United States made payment of its subscription as soon as it became a member. The act authorizing the United States to become a member provided for payment of $1,800,000,000 from a fund established by the Gold Reserve Act of 1934 (U.S.C., title 31, sec. 822a). (The Treasury Department states this represented profits from the gold devaluation of 1933.) The balance of the U.S. subscription was authorized to be paid from the proceeds of securities issued under the Second Liberty Bond Act as a public debt transaction. The articles of agreement provide that a part of a member's quota, payable in its currency and not needed for the Fund's operations, may be in the form of non-interest-bearing demand notes which the Fund can cash whenever it needs the money. As of Dec. 31, 1959, the outstanding amount of non-interest-bearing notes of the United States was $2,065,000,000. At their 13th annual meeting, the Governors of the Fund and the International Bank requested the Executive Directors of these institutions to submit proposals for an increase in resources for action by the Board of Governors. The Executive Directors recommended a general 50 percent increase in the quotas (25 per cent payable in gold; the balance payable in the member's currency). This increase was subsequently approved by the Governors. The U.S. quota rose from $2,750,000,000 to $4,125,000,000 and was authorized by an amendment to the Bretton Woods Agreements Act (Public Law 86-48, approved June 17, 1959). Like the original quota, it was financed as a public debt transaction and did not require a congressional appropriation.	Repayment terms are in gold or convertible currencies. Borrowers from the Fund pay certain charges on amounts borrowed as follows: 1. ½ of 1 percent on the total amount drawn. 2. On amounts drawn up to 50 percent of the member's quota in excess of the member's gold contribution to the Fund, there is no charge for the 1st 3 months after the drawing, and 2 percent per annum is charged for the next 15 months. 3. On amounts drawn between 50 and 75 percent of the member's quota in excess of the member's gold contribution to the Fund, there is no charge for the 1st 3 months after the drawing, and 2 percent per annum is charged for the next 9 months. 4. On amounts drawn between 75 and 100 percent of the member's quota in excess of the member's gold contribution to the Fund, there is no charge for the 1st 3 months after the drawing, and 2 percent per annum is charged for the next 3 months. 5. After 2 percent is charged in accordance with paragraphs 2, 3, and 4 above, the charges rise at the rate of ½ of 1 percent for each 6 months during which the money is retained. Charges were originally established by the Articles of Agreement (art. V, sec. 8). Changes may be made in them by a ¾ majority of the total voting power. The charges set forth above are the current charges.
3. International Finance Corporation.	Afghanistan, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Burma, Canada, Ceylon, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Federal Republic of Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Japan, Jordan, Lebanon, Libya, Luxembourg, Malaya (Federation of), Mexico, Netherlands, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Spain, Sweden, Thailand, Turkey, Union of South Africa, United Arab Republic, United Kingdom, United States, and Venezuela.	July 24, 1956	International Finance Corporation Act (Public Law 350, 84th Cong.)	(1) *In association with private investors*, assist in financing the establishment, improvement, and expansion of productive private enterprises which would contribute to the development of its member countries by making investments *without guarantee of repayment* by the member government concerned, in cases where sufficient private capital is not available on reasonable terms; (2) Seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and (3) Seek to stimulate, and to help create conditions conducive to, the flow of private capital, domestic and foreign, into productive investment in member countries.	$96,506,000 (as of Mar. 25, 1960).	$35,168,000	The United States subscription is $35,168,000, payment of which was authorized by the International Finance Corporation Act (Public Law 350, 84th Cong., approved Aug. 11, 1955) from the proceeds of securities issued under the Second Liberty Bond Act as a public debt transaction.	Repayment terms are in dollars (in a few instances may be partly in local currency). Unlike the International Bank and the International Monetary Fund, the International Finance Corporation does not have a standard rate of interest or charges which applies to all of its borrowers at any one time. Instead, the interest rate is negotiated, along with the other terms, each time an investment is made. In addition to interest charges, the Corporation may retain the right to participate in the profits as well as in the growth of the business. Of the commitments outstanding on Dec. 31, 1959, all but 2 contained an option on shares of the company and interest rates ranged from 5 to 7 percent.
4. Inter-American Development Bank.	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the United States, Uruguay, and Venezuela.	Dec. 30, 1959	Inter-American Development Bank Act (Public Law 86-147, 86th Cong.) approved Aug. 17, 1959.	To contribute to the acceleration of the process of economic development of the member countries, individually and collectively, by promoting public and private investment, by providing capital for development purposes, by cooperating with the member countries in the orientation of their policies to utilize their resources more effectively, and by providing technical assistance to them in relation to the programing and planning of development projects.	$1,000,000,000 ($850,000,000—Ordinary capital; $150,000,000—Fund for special operations). (Of the $850,000,000 ordinary capital, $450,000,000 will be uncalled subscriptions which will act as a guarantee against which the Bank can sell securities in the markets of its member countries.)	*Ordinary capital:* $350,000,000 ($150,000,000 paid in and $200,000,000 callable). *Fund for special operations:* $100,000,000.	*Ordinary capital:* *Paid-in portion payable—* 20 percent not later than Sept. 30, 1960; 40 percent to be specified on date on or after Sept. 30, 1961; 40 percent to be specified on date on or after Sept. 30, 1962. (Half of each installment must be paid in gold or U.S. dollars or combination of two; remainder in national currency.) **N.B.* No member liable for 2d installment unless 90 percent of total due on 1st installment paid; likewise, 90 percent of 2d must be paid before members liable for 3d installment. *Callable portion* may be called only to meet Bank's own obligations on money borrowed for its ordinary operations and for obligations arising out of loan guarantees. The call would be a uniform percentage on all shares and payable in gold or U.S. dollars or currency needed at the members' option. *Fund for Special Operations:* 50 percent not later than Sept. 30, 1960; balance in 1 or more installments not earlier than 1 year after commencing operations and not later than date of last installment of paid-in capital stock. (Half of each installment must be paid in gold or U.S. dollars or combination of two; remainder in national currency.) **N.B.* No member liable for payment of final installment unless 90 percent of prior payments made on both installments of paid-in capital and the Fund for Special Operations. *A three-fourths majority of total voting power of Board of Governors may waive conditions. Appropriation of the U.S. subscription was authorized by Public Law 86-147 and the appropriation of $280,000,000 ($230,000,000 for capital stock—$200,000,000 for callable portion and $30,000,000 for 1st installment of paid-in capital plus $50,000,000 for 1st installment of Fund for Special Operations) was made in the Supplemental Appropriation Act, 1960 (Public Law 86-213).	*Ordinary loans:* Repayable in currency or currencies lent. Interest rates and amortization schedules to be determined by Bank when loan is made. *Fund for Special Operations:* Repayable wholly or partially in currency of borrower; portion not in borrower's currency to be repaid in currency lent. Repayment terms are to be appropriate for dealing with special circumstances arising in specific countries or specific projects.
5. International Development Association.[1]	(1)	(1)	(1)	To promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development and supplementing its activities.	$1,000,000,000 (total proposed subscriptions).	$320,290,000(1)	(1) The President submitted a message to Congress on Feb. 18, 1960, requesting authorization for U.S. participation and payment of its subscription. The U.S. subscription of $320,290,000 would be due and payable in the following manner: *10 percent, $32,029,000:* 50 percent ($16,014,500) within 30 days after the Association begins operations or the date United States becomes a member, whichever is later; $4,003,625 1 year after Association begins operations and annually thereafter for the next 3 years; *90 percent, $288,261,000:* 20 percent ($57,652,200) when the 1st installment of the 10 percent portion above is due (within 30 days after the Association begins operations or the date United States becomes a member, whichever is later); 20 percent ($57,652,200) when the 2d installment of 10 percent portion above is due, and 20 percent ($57,652,200) annually thereafter for the next 3 years.	Article V of the Charter provides that the association may provide financing "on such terms as it may deem appropriate having regard to the economic position and prospects of the area or areas concerned and the nature and requirements of the project." The National Advisory Council Report (H. Doc. 345, 86th Cong., p. 2) states that the Association "may make loans repayable in the borrower's currency or repayable in hard currency on easier terms than are available from the Bank's making loans for development purposes."
6. Development Loan Fund.	United States only	Originally established Aug. 14, 1957; incorporated as of July 1, 1958 (approved June 30, 1958).	Mutual Security Act of 1957 (sec. 6, Public Law 85-141, 85th Cong.), as amended by the Mutual Security Act of 1958 (sec. 203, Public Law 85-477, 85th Cong.).	To strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.	$1,400,000,000 appropriated to date, to remain available until expended ($2,925 million has been authorized).	All United States.	In 1957, 1958, and 1959, funds were appropriated by Congress for this purpose. These funds are to remain available until expended, and loans are made on the basis of a commitment to repay by the borrower. The President in his budget message of Jan. 18, 1960, recommends appropriation of $700,000,000 for fiscal 1961.	Repayment of loan principal and payment of interest may be made either in local currency or in dollars or other currency as specified in the loan agreement, and these amounts are available to the Fund for further lending activity. The interest rate on loans is 3½ percent for infrastructure projects and 5¾ percent for industrial type projects. Fees are charged on full or partial guarantees of loans by private lenders at rates depending on the guarantees, with reserve of not less than 50 percent of the Fund's liability.
7. Export-Import Bank.	United States only	Originally created Feb. 12, 1934.	Executive Order 6581 [under authority found in National Industrial Recovery Act] created the first Export-Import Bank. Reincorporated under a Federal charter June 9, 1947 (Public Law 89, 80th Cong.). Life extended from time to time. Last extension (Public Law 85-55 of the 85th Cong.) extended the life of the Bank to June 30, 1963.	To aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof.	$7,000,000,000 (as of Jan. 15, 1960, the amount of loans, guarantees, and insurance outstanding was $4,727,690,164).	All United States.	The authorized capital stock is $1,000,000,000, subscribed by the United States and held by Treasury. In addition, the Bank is authorized to issue for purchase by the Secretary of the Treasury notes and other obligations in the aggregate amount of $6,000,000,000, for whose purchase the Secretary of the Treasury is authorized to use as a public debt transaction proceeds of securities issued under the Second Liberty Bond Act. The aggregate amount of loans, guarantees, and insurance which the Bank is authorized to have outstanding at any one time is $7,000,000,000. The administrative expenses of the Bank are paid out of the Bank's earnings. Congress places a limitation on the extent to which such expenses may be paid out of earnings. This limitation is reviewed by Congress annually. The limitation for fiscal year 1960 is $2,500,000, and, in addition, $200,000 of the amount of foreign currencies made available to the Bank was authorized available for expenses incurred by the Bank in foreign countries incident to the Cooley amendments, section 104(e), loans.	Repayment terms are in U.S. dollars. The interest rates charged borrowers by the Bank are dependent upon the interest rates charged by the U.S. Treasury on the Bank's borrowings. (The current payments on the Bank's borrowings to the U.S. Treasury are on a 4¾-percent basis; the rate is determined by the U.S. Treasury on the 1st day of each month for the ensuing month based on its market yield rates for medium term obligations.) In determining interest rates to be charged on loans, the Bank will take into consideration the nature of the loan and the extent of credit risks to be assumed by the Bank as affected by such guarantees as may be offered, as well as prevailing U.S. commercial and Government rates. The rates charged are coordinated with the recommendations of the National Advisory Council. Interest is computed on the outstanding balance. The current minimum interest rate charged on exporter credits is 6 percent; the rate on project and development loans is currently 5¾ percent, and special consideration is given to and lower rates are established for short term commodity credits. In the case of the foreign currency loans made by the Bank pursuant to the Cooley amendment to Public Law 480, interest rates compare to those currently in effect in the foreign country.

[1] Articles of agreement of the Association as an affiliate of the International Bank have been submitted to member governments of the Bank and will enter into force when governments whose subscriptions total not less than 65 percent of total have signed it and deposited their instruments of acceptance, but not before Sept. 15, 1960, will enter into force. The President in a message to Congress on Feb. 18, 1960 (H. Doc. 345, 86th Cong.) recommended legislation authorizing U.S. participation and payment of subscription.

APPENDIX

TABLE I.—*Membership and quotas in the International Monetary Fund as of Mar. 1, 1960*

The level of consents at the present time stands at 87.94 percent of the total. Members which have consented and paid their increased subscriptions, either entirely or to the extent of the first installment, are shown by an asterisk. Other members who have consented but have not yet completed payment of their increased subscriptions are shown by two asterisks.

[Expressed in millions of U.S. dollars]

Member	Quota (000,000 omitted)	Member	Quota (000,000 omitted)
Afghanistan	$10.00	Italy*	$270.00
Argentina*	280.00	Japan*	500.00
Australia*	300.00	Jordan	3.00
Austria*	75.00	Korea*	18.75
Belgium*	337.50	Lebanon	4.50
Bolivia*	22.50	Libya* (1st installment)	7.00
Brazil	150.00	Luxembourg	10.00
Burma	15.00	Malaya* (1st installment)	27.50
Canada*	550.00	Mexico*	180.00
Ceylon*	45.00	Morocco*	52.50
Chile*	75.00	Netherlands*	412.50
China	550.00	Nicaragua*	11.25
Colombia*	75.00	Norway*	100.00
Costa Rica	5.00	Pakistan	100.00
Cuba**	50.00	Panama	.50
Denmark*	130.00	Paraguay* (1st ⅓d installment)	8.75
Dominican Republic*	15.00	Peru* (1st installment)	27.50
Ecuador*	15.00	Philippines	50.00
El Salvador*	11.25	Saudi Arabia	10.00
Ethiopia* (1st installment)	7.80	Spain [1]	100.00
Finland*	57.00	Sudan*	15.00
France*	787.50	Sweden*	150.00
Germany, Federal Republic of*	787.50	Thailand*	45.00
Ghana*	35.00	Tunisia**	12.00
Greece*	60.00	Turkey*	86.00
Guatemala*	15.00	Union of South Africa*	150.00
Haiti*	11.25	United Arab Republic	66.50
Honduras*	11.25	United Kingdom*	1,950.00
Iceland*	11.25	United States*	4,125.00
India*	600.00	Uruguay	15.00
Indonesia*	165.00	Venezuela	15.00
Iran*	70.00	Vietnam* (1st installment)	14.50
Iraq	8.00	Yugoslavia* (1st installment)	66.00
Ireland*	45.00		
Israel*	25.00	Total	14,011.55

[1] Clarification awaited on form of consent; quota not reflected in above figure on present level of consents.

II. Membership and capital subscriptions in the International Bank for Reconstruction and Development as of Mar. 11, 1960

[In millions of U.S. dollars]

Member	Subscriptions at Mar. 11, 1959	100 percent increases completed	Special increases completed	Subscriptions at Mar. 11, 1960
Afghanistan	$10.0			$10.0
Argentina	150.0			150.0
Australia	200.0	$200.0		400.0
Austria	50.0	50.0		100.0
Belgium	225.0	225.0		450.0
Bolivia [1]	7.0			7.0
Brazil	150.0	150.0	$73.3	373.3
Burma	15.0	15.0	10.0	40.0
Canada [1]	325.0	325.0		650.0
Ceylon	15.0			15.0
Chile	35.0	35.0		70.0
China	600.0			600.0
Colombia	35.0	35.0		70.0
Costa Rica	2.0			2.0
Cuba [1]	35.0	35.0		70.0
Denmark	68.0	68.0	37.3	173.3
Dominican Republic	4.0	4.0		8.0
Ecuador	6.4	6.4		12.8
El Salvador	3.0	3.0		6.0
Ethiopia	3.0	3.0	4.0	10.0
Finland	38.0	38.0		76.0
France	525.0	525.0		1,050.0
Germany	330.0	330.0	390.0	1,050.0
Ghana	15.0	15.0	16.7	46.7
Greece	25.0	25.0		50.0
Guatemala	2.0	2.0	4.0	8.0
Haiti	7.5	7.5		15.0
Honduras [1]	3.0			3.0
Iceland	1.0	1.0		2.0
India	400.0	400.0		800.0
Indonesia	110.0	110.0		220.0
Iran	33.6	33.6	22.8	90.0
Iraq	6.0	6.0	3.0	15.0
Ireland	30.0	30.0		60.0
Israel [1]	7.5	7.5		15.0
Italy [1]	180.0			180.0
Japan	250.0	250.0	166.0	666.0
Jordan	3.0	3.0		6.0
Korea	12.5	12.5		25.0
Lebanon	4.5			4.5
Libya [1]	5.0			5.0
Luxembourg	10.0			10.0
Malaya	25.0	25.0		50.0
Mexico	65.0	65.0	43.3	173.3
Morocco	35.0	35.0		70.0
Netherlands	275.0	275.0		550.0
Nicaragua [1]	3.0			3.0
Norway	50.0	50.0	33.3	133.3
Pakistan	100.0	100.0		200.0
Panama [1]	.2			.2
Paraguay	3.0	3.0		6.0
Peru	17.5	17.5		35.0
Philippines	50.0			50.0
Saudi Arabia [1]	10.0	10.0		20.0
Spain	100.0	100.0		200.0
Sudan	10.0	10.0		20.0
Sweden	100.0	100.0		200.0
Thailand	12.5	12.5	35.0	60.0
Tunisia	12.0			12.0
Turkey	43.0			43.0
South Africa	100.0	100.0		200.0
United Arab Republic	59.8			59.8
United Kingdom	1,300.0	1,300.0		2,600.0
United States	3,175.0	3,175.0		6,350.0
Uruguay	10.5			10.5
Venezuela	10.5			10.5
Vietnam	12.5	12.5	5.0	30.0
Yugoslavia	40.0	40.0		80.0
Total	9,556.5	8,381.0	843.7	18,781.2

[1] In addition to the above, increases in the capital subscriptions of Bolivia, Canada, Cuba, Honduras, Israel, Italy, Libya, Nicaragua, Panama, and Saudi Arabia are in process.

III. *Membership and subscriptions in the International Finance Corporation, as of Mar. 25, 1960*

[In thousands of U.S. dollars]

Member	Subscription	Member	Subscription
Total	**$96,506**	India	$4,431
Afghanistan	111	Indonesia	1,218
Argentina	1,662	Iran	372
Australia	2,215	Iraq	67
Austria	554	Ireland	332
Belgium	2,492	Israel	50
Bolivia	78	Italy	1,994
Brazil	1,163	Japan	2,769
Burma	166	Jordan	33
Canada	3,600	Lebanon	50
Ceylon	166	Libya	55
Chile	388	Luxembourg	111
Colombia	388	Malaya (Federation of)	277
Costa Rica	22	Mexico	720
Cuba	388	Netherlands	3,046
Denmark	753	Nicaragua	9
Dominican Republic	22	Norway	554
Ecuador	35	Pakistan	1,108
El Salvador	11	Panama	2
Ethiopia	33	Paraguay	16
Finland	421	Peru	194
France	5,815	Philippines	166
Germany (Western)	3,655	Spain	1,108
Ghana	166	Sweden	1,108
Greece	277	Thailand	139
Guatemala	22	Turkey	476
Haiti	22	Union of South Africa	1,108
Honduras	11	United Arab Republic	662
Iceland	11	United Kingdom	14,400
		United States	35,168
		Venezuela	116

IV. Inter-American Development Bank—Status of ratifications as of Dec. 30, 1959

Country	Percent of total subscription	Ratification completed	Legislative action completed	Legislative action nearly completed	Other
United States	41.17	41.17			
Argentina	12.13	12.13			
Bolivia	.97	.97			
Brazil	12.13	12.13			
Chile	3.33	3.33			
Colombia	3.33	3.33			
Costa Rica	.49	.49			
Cuba	4.33				4.33
Dominican Republic	.65	.65			
Ecuador	.65	.65			
El Salvador	.49	.49			
Guatemala	.65	.65			
Haiti	.49	.49			
Honduras	.49	.49			
Mexico	7.80	7.80			
Nicaragua	.49	.49			
Panama	.49	.49			
Paraguay	.49	.49			
Peru	1.63	1.63			
Uruguay [1]	1.30			[2] 1.30	
Venezuela [1]	6.50				6.50
Total	100.00	87.87		1.30	10.83
(Cumulative)				(89.17)	(100.00)

[1] Uruguay and Venezuela completed their ratifications during the 1st meeting of the Board of Governors in San Salvador, which closed on Feb. 17, 1960.

[2] Approved by Senate; pending in the Lower House.

Bretton Woods Agreements Act, as Amended [1]
Approved July 31, 1945

AN ACT To provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Bretton Woods Agreements Act."

ACCEPTANCE OF MEMBERSHIP

SEC. 2.[2] The President is hereby authorized to accept membership for the United States in the International Monetary Fund (hereinafter referred to as the "Fund"), and in the International Bank for Reconstruction and Development (hereinafter referred to as the "Bank"), provided for by the Articles of Agreement of the Fund and the Articles of Agreement of the Bank as set forth in the Final Act of the United Nations Monetary and Financial Conference dated July 22, 1944, and deposited in the archives of the Department of State.

APPOINTMENT OF GOVERNORS, EXECUTIVE DIRECTORS, AND ALTERNATES

SEC. 3.[3] (a) The President, by and with the advice and consent of the Senate, shall appoint a governor of the Fund who shall also serve as a governor of the Bank, and an executive director of the Fund and an executive director of the Bank. The executive directors so appointed shall also serve as provisional executive directors of the Fund and the Bank for the purposes of the respective Articles of Agreement. The term of office for the governor of the Fund and of the Bank shall be five years. The term of office for the executive directors shall be two years, but the executive directors shall remain in office until their successors have been appointed.

(b) The President, by and with the advice and consent of the Senate, shall appoint an alternate for the governor of the Fund who

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[1] 59 Stat. 512–517; 62 Stat. 137, 141; 63 Stat. 298–299; 65 Stat. 373–378; 67 Stat. 637; 67 Stat. 639, 640; 68 Stat. 677, 678; 69 Stat. 669; 22 U. S. C. 286–286k–1.

[2] 22 U. S. C. 286.

[3] 22 U. S. C. 286a. Sec. 3 of the International Finance Corporation Act, approved August 11, 1955 (69 Stat. 669; 22 U. S. C. 282a), provides as follows:

"GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

"SEC. 3. The governor and executive director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286a) shall serve as governor, director and alternates, respectively, of the Corporation."

shall also serve as alternate for the governor of the Bank. The President, by and with the advice and consent of the Senate, shall appoint an alternate for each of the executive directors. The alternate for each executive director shall be appointed from among individuals recommended to the President by the executive director. The terms of office for alternates for the governor and the executive directors shall be the same as the terms specified in subsection (a) for the governor and executive directors.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, executive director, or alternate.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4.[4] (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the "Council"), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System,[5] the President of the Export-Import Bank of Washington, and during such period as the Foreign Operations Administration shall continue to exist, the Director of the Foreign Operations Administration.

(b) (1) The Council, after consultation with the representatives of the United States on the Fund and the Bank, shall recommend to the

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[4] 22 U. S. C. 286b. Sec. 4 of the International Finance Corporation Act, approved August 11, 1955 (69 Stat. 669; 22 U. S. C. 282b), provides as follows:

"NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

"SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Corporation to the same extent as with respect to the International Bank for Reconstruction and Development. Reports with respect to the Corporation under paragraphs 5 and 6 of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Corporation and in each succeeding report."

[5] The material following "* * * Federal Reserve System," read as follows in the original act: "and the Chairman of the Board of Trustees of the Export-Import Bank of Washington." Subsection 4 (a) has been amended by the following:

(1) The Economic Corporation Act of 1948, approved Apr. 3, 1948 (62 Stat. 137, 141), sec. 106 of which amended subsec. 4 (a) so as to include the Administrator for Economic Cooperation "during such period as the Economic Cooperation Administration shall continue to exist".

(2) The Mutual Security Act of 1951, approved Oct. 10, 1951 (65 Stat. 373, 378), sec. 501 (e) (2) of which amended subsec. 4 (a), by substituting the Mutual Security Agency and the Director for Mutual Security for the Economic Cooperation Administration and the Administrator for Economic Cooperation respectively;

(3) Reorganization Plan No. 5 of 1953, effective June 30, 1953 (67 Stat. 637), sec. 7 of which abolished the function of the Chairman of the Board of Directors of the Export-Import Bank of Washington of being a member of the National Advisory Council;

(4) Reorganization Plan No. 7 of 1953, effective Aug. 1, 1953 (67 Stat. 639, 640), sec. 4 of which provided that the Director of the Foreign Operations Administration should be a member of the National Advisory Council;

(5) Public Law 570, 83d Cong., approved Aug. 9, 1954 (68 Stat. 677, 678), sec. 2 of which inserted the part of the text quoted above following "* * * the Federal Reserve System,".

Executive Order 10610 of May 9, 1955, effective July 1, 1955 (see page 126), abolished the Foreign Operations Administration and the Office of Director of the Foreign Operations Administration, and the membership of the Director of the Foreign Operations Administration on the National Advisory Council thereby expired by operation of law effective on that date (Semiannual Report of the National Advisory Council to the President and director and alternates, respectively, of the Corporation."

President general policy directives for the guidance of the representatives of the United States on the Fund and the Bank.

(2) The Council shall advise and consult with the President and the representatives of the United States on the Fund and the Bank on major problems arising in the administration of the Fund and the Bank.

(3) The Council shall coordinate, by consultation or otherwise, so far as is practicable, the policies and operations of the representatives of the United States on the Fund and the Bank, the Export-Import Bank of Washington and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions.

(4) Whenever, under the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the approval, consent or agreement of the United States is required before an act may be done by the respective institutions, the decision as to whether such approval, consent, or agreement, shall be given or refused shall (to the extent such decision is not prohibited by section 5 of this Act) be made by the Council, under the general direction of the President. No governor, executive director, or alternate representing the United States shall vote in favor of any waiver of condition under article V, section 4, or in favor of any declaration of the United States dollar as a scarce currency under article VII, section 3, of the Articles of Agreement of the Fund, without prior approval of the Council.

(5) The Council from time to time, but not less frequently than every six months, shall transmit to the President and to the Congress a report with respect to the participation of the United States in the Fund and the Bank.

(6) The Council shall also transmit to the President and to the Congress special reports on the operations and policies of the Fund and the Bank, as provided in this paragraph. The first report shall be made not later than two years after the establishment of the Fund and the Bank, and a report shall be made every two years after the making of the first report. Each such report shall cover and include: The extent to which the Fund and the Bank have achieved the purposes for which they were established; the extent to which the operations and policies of the Fund and the Bank have adhered to, or departed from, the general policy directives formulated by the Council, and the Council's recommendations in connection therewith; the extent to which the operations and policies of the Fund and the Bank have been coordinated, and the Council's recommendations in connection therewith; recommendations on whether the resources of the Fund and the Bank should be increased or decreased; recommendations as to how the Fund and the Bank may be made more effective; recommendations on any other necessary or desirable changes in the Articles of Agreement of the Fund and of the Bank or in this Act; and an overall appraisal of the extent to which the operations and policies of the Fund and the Bank have served, and in the future may be expected to serve, the interests of the United States and the world in promoting sound international economic cooperation and furthering world security.[6]

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[6] See sec. 15 (b).

(7) The Council shall make such reports and recommendations to the President as he may from time to time request, or as the Council may consider necessary to more effectively or efficiently accomplish the purposes of this Act or the purposes for which the Council is created.

(c) The representatives of the United States on the Fund and the Bank, and the Export-Import Bank of Washington (and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions) shall keep the Council fully informed of their activities and shall provide the Council with such further information or data in their possession as the Council may deem necessary to the appropriate discharge of its responsibilities under this Act.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5.[7] Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) request or consent to any change in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund; (b) propose or agree to any change in the par value of the United States dollar under article IV, section 5, or article XX, section 4, of the Articles of Agreement of the Fund, or approve any general change in par values under article IV, section 7; (c) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank; (d) accept any amendment under article XVII of the Articles of Agreement of the Fund or article VIII of the Articles of Agreement of the Bank; (e) make any loan to the Fund or the Bank. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for an increase of capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank.

DEPOSITORIES

SEC. 6.[8] Any Federal Reserve bank which is requested to do so by the Fund or the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) Subsection (c) of section 10 of the Gold Reserve Act of 1934, as amended (U. S. C., title 31, sec. 822a), is amended to read as follows:

"(c)[9] The Secretary of the Treasury is directed to use $1,800,000,000 of the fund established in this section to pay part of the subscription of the United States to the International Monetary Fund; and any repayment thereof shall be covered into the Treasury as a miscellaneous receipt."

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[7] 22 U. S. C. 286c.
[8] 22 U. S. C. 286d.
[9] 31 U. S. C. 822a (c).

(b)[10] The Secretary of the Treasury is authorized to pay the balance of the subscription of the United States to the Fund not provided for in subsection (a) and to pay the subscription of the United States to the Bank from time to time when payments are required to be made to the Bank. For the purpose of making these payments, the Secretary of the Treasury is authorized to use as a public-debt transaction $8,675,000,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Fund or the Bank and repayments thereof shall be treated as public-debt transactions of the United States.

(c) For the purpose of keeping to a minimum the cost to the United States of participation in the Fund and the Bank, the Secretary of the Treasury, after paying the subscription of the United States to the Fund, and any part of the subscription of the United States to the Bank required to be made under article II, section 7 (i), of the Articles of Agreement of the Bank, is authorized and directed to issue special notes of the United States from time to time at par and to deliver such notes to the Fund and the Bank in exchange for dollars to the extent permitted by the respective Articles of Agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be non-negotiable, and shall be payable on demand of the Fund or the Bank, as the case may be. The face amount of special notes issued to the Fund under the authority of this subsection and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Fund, and the face amount of such notes issued to the Bank and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the bank under article II, section 7 (i), of the Articles of Agreement of the Bank.

(d) Any payment made to the United States by the Fund or the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

OBTAINING AND FURNISHING INFORMATION

SEC. 8.[11] (a) Whenever a request is made by the Fund to the United States as a member to furnish data under article VIII, section 5, of the Articles of Agreement of the Fund, the President may, through any agency he may designate, require any person to furnish such information as the President may determine to be essential to comply with such request. In making such determination the President shall seek to collect the information only in such detail as is necessary to comply with the request of the Fund. No information so acquired shall be furnished to the Fund in such detail that the affairs of any person are disclosed.

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[10] Subsecs. (b) through (d) of sec. 7 are set forth in 22 U. S. C. 286e.
[11] 22 U. S. C. 286f.

(b) In the event any person refuses to furnish such information when requested to do so, the President, through any designated governmental agency, may by subpoena require such person to appear and testify or to appear and produce records and other documents, or both. In case of contumacy by, or refusal to obey a subpoena served upon any such person, the district court for any district in which such person is found or resides or transacts business, upon application by the President or any governmental agency designated by him, shall have jurisdiction to issue an order requiring such person to appear and give testimony or appear and produce records and documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) It shall be unlawful for any officer or employee of the Government, or for any advisor or consultant to the Government, to disclose, otherwise than in the course of official duty, any information obtained under this section, or to use any such information for his personal benefit. Whoever violates any of the provisions of this subsection shall, upon conviction, be fined not more than $5,000, or imprisoned for not more than five years, or both.

(d) The term "person" as used in this section means an individual partnership, corporation or association.

FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS IN DEFAULT

SEC. 9. The Act entitled "An Act to prohibit financial transactions with any foreign government in default of its obligations to the United States", approved April 13, 1934 (U. S. C., title 31, sec. 804a), is amended by adding at the end thereof a new section to read as follows:

"SEC. 3.[12] While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this Act shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to the making of any loan to such government, political subdivision, organization, or association."

JURISDICTION AND VENUE OF ACTIONS

SEC. 10.[13] For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Fund or the Bank in accordance with the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the Fund or the Bank, as the case may be, shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which either the Fund or the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When either the Fund or the Bank is a defendant in any such action,

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[12] 18 U. S. C. 955.
[13] 22 U. S. C. 286g.

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it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 11.[14] The provisions of article IX, sections 2 to 9, both inclusive, and the first sentence of article VIII, section 2 (b) of the Articles of Agreement of the Fund, and the provisions of article VI, section 5 (i), and article VII, sections 2 to 9, both inclusive, of the Articles of Agreement of the Bank, shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Fund and the Bank, respectively.

STABILIZATION LOANS BY THE BANK

SEC. 12.[15] The governor and executive director of the Bank appointed by the United States are hereby directed to obtain promptly an official interpretation by the Bank as to its authority to make or guarantee loans for programs of economic reconstruction and the reconstruction of monetary systems, including long-term stabilization loans. If the Bank does not interpret its powers to include the making or guaranteeing of such loans, the governor of the Bank representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of explicitly authorizing the Bank, after consultation with the Fund, to make or guarantee such loans. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

STABILIZATION OPERATIONS BY THE FUND

SEC. 13.[16] (a) The governor and executive director of the Fund appointed by the United States are hereby directed to obtain promptly an official interpretation by the Fund as to whether its authority to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions, and whether it has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member.

(b) If the interpretation by the Fund answers in the affirmative any of the questions stated in subsection (a), the governor of the Fund representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of expressly negativing such interpretation. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

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[14] 22 U. S. C. 286h.
[15] 22 U. S. C. 286i.
[16] 22 U. S. C. 286j.

FURTHER PROMOTION OF INTERNATIONAL ECONOMIC RELATIONS

SEC. 14.[17] In the realization that additional measures of international economic cooperation are necessary to facilitate the expansion and balanced growth of international trade and render most effective the operations of the Fund and the Bank, it is hereby declared to be the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Fund and the Bank, particularly in conducting exchange transactions, the Council and the United States representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORTS FILED WITH SECURITIES AND EXCHANGE COMMISSION; ADDITIONAL DATA FOR REPORT OF NATIONAL ADVISORY COMMITTEE [18]

SEC. 15.[19] (a) Any securities issued by International Bank for Reconstruction and Development (including any guaranty by the Bank, whether or not limited in scope), and any securities guaranteed by the Bank as to both principal and interest, shall be deemed to be exempted securities within the meaning of paragraph (a) (2) of section 3 of the Act of May 27, 1933, as amended (U. S. C., title 15, sec. 77c), and paragraph (a) (12) of section 3 of the Act of June 6, 1934, as amended (U. S. C., title 15, sec. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

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[17] 22 U. S. C. 286k.

[18] Heading inserted by United States Code.

[19] 22 U. S. C. 286k–1. Sec. 15 added by sec. 2 of Public Law 142, 81st Cong., June 29, 1949 (63 Stat. 298–299). Sec. 1 of this law provides as follows:

"That paragraph Seventh of section 8 of the National Bank Act, as amended (U. S. C., title 12, sec. 24), is amended by adding to the end thereof the following new sentence: 'The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development which are at the time eligible for purchase by a national bank for its own account: *Provided,* That no association shall hold obligations issued by said bank as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund'."

Sec. 3, of this law, provides as follows:

"SUSPENSION OF RIGHT OF INTERNATIONAL BANK TO ISSUE SECURITIES UNDER SECTION 286 K–1: REPORT OF SECURITIES AND EXCHANGE COMMISSION [22 U. S. C. 286k–2. Heading inserted by United States Code.]

"SEC. 3. The Securities and Exchange Commission acting in consultation with the National Advisory Council on International Monetary and Financial Problems is authorized to suspend the provisions of section 15 (a) of the Bretton Woods Agreements Act at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this Act and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission."

(b) The reports of the National Advisory Council provided for in section 4(a)(6) of the Bretton Woods Agreements Act shall also cover and include the effectiveness of the provisions of section 15(a) of this Act and the exemption for securities issued by the Bank provided by section 8 of the National Bank Act in facilitating the operations of the Bank and the extent to which the operations of the Bank may assist in financing European recovery and the reconstruction and development of the economic resources of member countries of the Bank and the recommendations of the Council as to any modifications it may deem desirable in the provisions of this Act.

SEC. 16.[20] (a) The United States Governor of the Fund is authorized to request and consent to an increase of $1,375,000,000 in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund, as proposed in the resolution of the Board of Governors of the Fund dated February 2, 1959.

(b) The United States Governor of the Bank is authorized (1) to vote for increases in the capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank, as recommended in the resolution of the Board of Governors of the Bank dated February 2, 1959, and (2) if such increases become effective, to subscribe on behalf of the United States to thirty-one thousand seven hundred and fifty additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank.

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[20] Section 16 added by Sec. 1 of Public Law 86–48, June 17, 1959 (73 Stat. 80).

International Bank for Reconstruction and Development

Text of Articles of Agreement

The governments on whose behalf the present Agreement is signed agree as follows:

Introductory Article

The International Bank for Reconstruction and Development is established and shall operate in accordance with the following provisions:

Article I. Purposes

The purposes of the Bank are:

(i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate postwar years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

The Bank shall be guided in all its decisions by the purposes set forth above.

Article II. Membership in and Capital of the Bank

Section 1. *Membership*

(a) The original members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank before the date specified in Article XI, Section 2 (e).

(b) Membership shall be open to other members of the Fund, at such times and in accordance with such terms as may be prescribed by the Bank.

Sec. 2. *Authorized capital*

(a) The authorized capital stock of the Bank shall be $10,000,000,000, in terms of United States dollars of the weight and fineness in effect on July 1, 1944. The capital stock shall be divided into 100,000 shares having a par value of $100,000 each, which shall be available for subscription only by members.

(b) The capital stock may be increased when the Bank deems it advisable by a three-fourths majority of the total voting power.

Sec. 3. *Subscription of shares*

(a) Each member shall subscribe shares of the capital stock of the Bank. The minimum number of shares to be subscribed by the original members shall be those set forth in Schedule A. The minimum number of shares to be subscribed by other members shall be determined by the Bank, which shall reserve a sufficient portion of its capital stock for subscription by such members.

(b) The Bank shall prescribe rules laying down the conditions under which members may subscribe shares of the authorized capital stock of the Bank in addition to their minimum subscriptions.

(c) If the authorized capital stock of the Bank is increased, each member shall have a reasonable opportunity to subscribe, under such conditions as the Bank shall decide, 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, but no member shall be obligated to subscribe any part of the increased capital.

Sec. 4. *Issue price of shares*

Shares included in the minimum subscriptions of original members shall be issued at par. Other shares shall be issued at par unless the Bank by a majority of the total voting power decides in special circumstances to issue them on other terms.

Sec. 5. *Division and calls of subscribed capital*

The subscription of each member shall be divided into two parts as follows:

(i) twenty percent shall be paid or subject to call under Section 7 (i) of this Article as needed by the Bank for its operations;

(ii) the remaining eighty percent shall be subject to call by the Bank only when required to meet obligations of the Bank created under Article IV, Sections 1 (a) (ii) and (iii).

Calls on unpaid subscriptions shall be uniform on all shares.

Sec 6. *Limitation on liability*

Liability on shares shall be limited to the unpaid portion of the issue price of the shares.

SEC. 7. *Method of payment of subscriptions for shares*

Payment of subscriptions for shares shall be made in gold or United States dollars and in the currencies of the members as follows:

(i) under Section 5 (i) of this Article, two percent of the price of each share shall be payable in gold or United States dollars, and, when calls are made, the remaining eighteen percent shall be paid in the currency of the member;

(ii) when a call is made under Section 5 (ii) of this Article, 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;

(iii) when a member makes payments in any currency under (i) and (ii) above, such payments shall be made in amounts equal in value to the member's liability under the call. This liability shall be a proportionate part of the subscribed capital stock of the Bank as authorized and defined in Section 2 of this Article.

SEC. 8. *Time of payment of subscriptions*

(a) The two percent payable on each share in gold or United States dollars under Section 7 (i) of this Article, shall be paid within sixty days of the date on which the Bank begins operations, provided that—

(i) any original member of the Bank whose metropolitan territory has suffered from enemy occupation or hostilities during the present war shall be granted the right to postpone payment of one-half percent until five years after that date;

(ii) an original member who cannot make such a payment because it has not recovered possession of its gold reserves which are still seized or immobilized as a result of the war may postpone all payment until such date as the Bank shall decide.

(b) The remainder of the price of each share payable under Section 7 (i) of this Article shall be paid as and when called by the Bank, provided that—

(i) the Bank shall, within one year of its beginning operations, call not less than eight percent of the price of the share in addition to the payment of two percent referred to in (a) above;

(ii) not more than five percent of the price of the share shall be called in any period of three months.

SEC. 9. *Maintenance of value of certain currency holdings of the Bank*

(a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7 (i), from currency referred to in Article IV, Section 2 (b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.

(b) Whenever the par value of a member's currency is increased, 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 described in (a) above.

(c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of the currencies of all its members is made by the International Monetary Fund.

SEC. 10. *Restriction on disposal of shares*

Shares shall not be pledged or encumbered in any manner whatever and they shall be transferable only to the Bank.

ARTICLE III. GENERAL PROVISIONS RELATING TO LOANS AND GUARANTEES

SECTION 1. *Use of resources*

(a) The resources and the facilities of the Bank shall be used exclusively for the benefit of members with equitable consideration to projects for development and projects for reconstruction alike.

(b) For the purpose of facilitating the restoration and reconstruction of the economy of members whose metropolitan territories have suffered great devastation from enemy occupation or hostilities, the Bank, in determining the conditions and terms of loans made to such members, shall pay special regard to lightening the financial burden and expediting the completion of such restoration and reconstruction.

SEC. 2. *Dealings between members and the Bank*

Each members shall deal with the Bank only through its treasury, central bank, stabilization fund or other similar fiscal agency, and the Bank shall deal with members only by or through the same agencies.

SEC. 3. *Limitations on guarantees and borrowings of the Bank*

The total amount outstanding of guarantees, participations in loans and direct loans made by the Bank shall not be increased at any time, if by such increase the total would exceed one hundred percent of the unimpaired subscribed capital, reserves and surplus of the Bank.

SEC. 4. *Conditions on which the Bank may guarantee or make loans*

The Bank may guarantee, participate in, or make loans to any member or any political subdivision thereof and any business, industrial, and agricultural enterprise in the territories of a member, subject to the following conditions:

(i) When the member in whose territories the project is located is not itself the borrower, the member or the central bank or some comparable agency of the member which is acceptable to the Bank, fully guarantees the repayment of the principal and the payment of interest and other charges on the loan.

(ii) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loan under conditions which in the opinion of the Bank are reasonable for the borrower.

(iii) A competent committee, as provided for in Article V, Section 7, has submitted a written report recommending the project after a careful study of the merits of the proposal.

(iv) In the opinion of the Bank the rate of interest and other charges are reasonable and such rate, charges and the schedule for repayment of principal are appropriate to the project.

(v) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interests both of the particular member in whose territories the project is located and of the members as a whole.

(vi) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.

(vii) Loans made or guaranteed by the Bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction or development.

SEC. 5. *Use of loans guaranteed, participated in or made by the Bank*

(a) The Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members.

(b) The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

(c) In the case of loans made by the Bank, it shall open an account in the name of the borrower and the amount of the loan shall be credited to this account in the currency or currencies in which the loan is made. The borrower shall be permitted by the Bank to draw on this account only to meet expenses in connection with the project as they are actually incurred.

ARTICLE IV. OPERATIONS

SECTION 1. *Methods of making or facilitating loans*

(a) The Bank may make or facilitate loans which satisfy the general conditions of Article III in any of the following ways:

(i) By making or participating in direct loans out of its own funds corresponding to its unimpaired paid-up capital and surplus and, subject to Section 6 of this Article, to its reserves.

(ii) By making or participating in direct loans out of funds raised in the market of a member, or otherwise borrowed by the Bank.

(iii) By guaranteeing in whole or in part loans made by private investors through the usual investment channels.

(b) The Bank may borrow funds under (a) (ii) above or guarantee loans under (a) (iii) above only with the approval of the member in whose markets the funds are raised and the member in whose currency the loan is denominated, and only if those members agree that the proceeds may be exchanged for the currency of any other member without restriction.

SEC. 2. *Availability and transferability of currencies*

(a) Currencies paid into the Bank under Article II, Section 7 (i), shall be loaned only with the approval in each case of the member whose currency is involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(b) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made with currencies referred to in (a) above shall be exchanged for the currencies of other members or reloaned only with the approval in each case of the members whose currencies are involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(c) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made by the Bank under Section 1 (a) (ii) of this Article, shall be held and used, without restriction by the members, to make amortization payments, or to anticipate payment of or repurchase part or all of the Bank's own obligations.

(d) All other currencies available to the Bank, including those raised in the market or otherwise borrowed under Section 1 (a) (ii) of this Article, those obtained by the sale of gold, those received as payments of interest and other charges for direct loans made under Sections 1 (a) (i) and (ii), and those received as payments of commissions and other charges under Section 1 (a) (iii), shall be used or exchanged for other currencies or gold required in the operations of the Bank without restriction by the members whose currencies are offered.

(e) Currencies raised in the markets of members by borrowers on loans guaranteed by the Bank under Section 1 (a) (iii) of this Article, shall also be used or exchanged for other currencies without restriction by such members.

SEC. 3. *Provision of currencies for direct loans*

The following provisions shall apply to direct loans under Sections 1 (a) (i) and (ii) of this Article:

(a) The Bank shall furnish the borrower with such currencies of members, other than the member in whose territories the project is located, as are needed by the borrower for expenditures to be made in the territories of such other members to carry out the purposes of the loan.

(b) The Bank may, in exceptional circumstances when local currency required for the purposes of the loan cannot be raised by the borrower on reasonable terms, provide the borrower as part of the loan with an appropriate amount of that currency.

(c) The Bank, if the project gives rise indirectly to an increased need for foreign exchange by the member in whose territories the project is located, may in exceptional circumstances provide the borrower as part of the loan with an appropriate amount of gold or foreign exchange not in excess of the borrower's local expenditure in connection with the purposes of the loan.

(d) The Bank may, in exceptional circumstances, at the request of a member in whose territories a portion of the loan is spent, repurchase with gold or foreign exchange a part of that member's currency thus spent but in no case shall the part so repurchased exceed the amount by which the expenditure of the loan in those territories gives rise to an increased need for foreign exchange.

SEC. 4. *Payment provisions for direct loans*

Loan contracts under Section 1 (a) (i) or (ii) of this Article shall be made in accordance with the following payment provisions:

(a) The terms and conditions of interest and amortization payments, maturity and dates of payment of each loan shall be determined by the Bank. The Bank shall also determine the rate and any other terms and conditions of commission to be charged in connection with such loan.

In the case of loans made under Section 1 (a) (ii) of this Article during the first ten years of the Bank's operations, this rate of commission shall be not less than one percent per annum and not greater than one and one-half percent per annum, and shall be charged on the outstanding portion of any such loan. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already made and to future loans, if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) All loan contracts shall stipulate the currency or currencies in which payments under the contract shall be made to the Bank. At the option of the borrower, however, such payments may be made in gold, or subject to the agreement of the Bank, in the currency of a member other than that prescribed in the contract.

(i) In the case of loans made under Section 1 (a) (i) of this Article, the loan contracts shall provide that payments to the Bank of interest, other charges and amortization shall be made in the currency loaned, unless the member whose currency is loaned agrees that such payments shall be made in some other specified currency or currencies. These payments, subject to the provisions of Article II, Section 9 (c), shall be equivalent to the value of such contractual payments at the time the loans were made, in terms of a currency specified for the purpose by the Bank by a three-fourths majority of the total voting power.

(ii) In the case of loans made under Section 1 (a) (ii) of this Article, the total amount outstanding and payable to the Bank in any one currency shall at no time exceed the total amount of

the outstanding borrowings made by the Bank under Section 1 (a) (ii) and payable in the same currency.

(c) If a member suffers from an acute exchange stringency, so that the service of any loan contracted by that member or guaranteed by it or by one of its agencies cannot be provided in the stipulated manner, the member concerned may apply to the Bank for a relaxation of the conditions of payment. If the Bank is satisfied that some relaxation is in the interests of the particular member and of the operations of the Bank and of its members as a whole, it may take action under either, or both, of the following paragraphs with respect to the whole, or part, of the annual service:

(i) The Bank may, in its discretion, make arrangements with the member concerned to accept service payments on the loan in the member's currency for periods not to exceed three years upon appropriate terms regarding the use of such currency and the maintenance of its foreign exchange value; and for the repurchase of such currency on appropriate terms.

(ii) The Bank may modify the terms of amortization or extend the life of the loan, or both.

SEC. 5. *Guarantees*

(a) In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission payable periodically on the amount of the loan outstanding at a rate determined by the Bank. During the first ten years of the Bank's operations, this rate shall be not less than one percent per annum and not greater than one and one-half percent per annum. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already guaranteed and to future loans if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) Guarantee commissions shall be paid directly to the Bank by the borrower.

(c) Guarantees 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.

(d) The Bank shall have power to determine any other terms and conditions of the guarantee.

SEC. 6. *Special reserve*

The amount of commissions received by the Bank under Sections 4 and 5 of this Article shall be set aside as a special reserve, which shall be kept available for meeting liabilities of the Bank in accordance with Section 7 of this Article. The special reserve shall be held in such liquid form, permitted under this Agreement, as the Executive Directors may decide.

SEC. 7. *Methods of meeting liabilities of the Bank in case of defaults*

In cases of default on loans made, participated in, or guaranteed by the Bank:

(a) The Bank shall make such arrangements as may be feasible to adjust the obligations under the loans, including arrangements under or analogous to those provided in Section 4 (c) of this Article.

(b) The payments in discharge of the Bank's liabilities on borrowings or guarantees under Section 1 (a) (ii) and (iii) of this Article shall be charged—

(i) first, against the special reserve provided in Section 6 of this Article;

(ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus and capital available to the Bank.

(c) Whenever necessary to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it, the Bank may call an appropriate amount of the unpaid subscriptions of members in accordance with Article II, Sections 5 and 7. Moreover, if it believes that a default may be of long duration, the Bank may call an additional amount of such unpaid subscriptions not to exceed in any one year one percent 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.

(ii) To repurchase, or otherwise discharge its liability on, all or part of its own outstanding borrowings.

SEC. 8. *Miscellaneous operations*

In addition to the operations specified elsewhere in this Agreement, the Bank shall have the power:

(i) To buy and sell securities it has issued and to buy and sell securities which it has guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the member in whose territories the securities are to be bought or sold.

(ii) To guarantee securities in which it has invested for the purpose of facilitating their sale.

(iii) To borrow the currency of any member with the approval of that member.

(iv) To buy and sell such other securities as the directors by a three-fourths majority of the total voting power may deem proper for the investment of all or part of the special reserve under Section 6 of this Article.

In exercising the powers conferred by this section, the Bank may deal with any person, partnership, association, corporation or other legal entity in the territories of any member.

SEC. 9. *Warning to be placed on securities*

Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government unless expressly stated on the security.

SEC. 10. *Political activity prohibited*

The Bank 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 their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.

ARTICLE V. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Bank*

The Bank shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Bank may determine.

SEC. 2. *Board of Governors*

(a) All the powers of the Bank shall be vested in the Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, 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) Decide appeals from interpretations of this Agreement given by the Executive Directors;

(v) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) Decide to suspend permanently the operations of the Bank and to distribute its assets;

(vii) Determine the distribution of the net income of the Bank.

(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Executive Directors. Meetings of the Board shall be called by the directors whenever requested by five members or by members having one-quarter of the total voting power.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the governors, exercising not less than two-thirds of the total voting power.

(e) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Bank, may obtain a vote of the Governors on a specific question without calling a meeting of the Board.

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

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

(h) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the President.

SEC. 3. *Voting*

(a) Each member shall have two hundred and fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise specifically provided, all matters before the Bank shall be decided by a majority of the votes cast.

SEC. 4. *Executive Directors*

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

(b) There shall be twelve Executive Directors, who need not be governors, and of whom—

(i) five shall be appointed, one by each of the five members having the largest number of shares;

(ii) seven shall be elected according to Schedule B by all the governors other than those appointed by the five members referred to in (i) above.

For the purpose of this paragraph, "members" means governments of countries whose names are set forth in Schedule A, whether they are original members or become members in accordance with Article II, Section 1 (b). When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the total number of directors by increasing the number of directors to be elected.

Executive directors shall be appointed or elected every two years.

(c) Each executive director shall appoint an alternate with full power to act for him when he is not present. When the executive directors appointing them are present, alternates may participate in meetings but shall not vote.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the governors who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(e) The 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 Executive Directors shall be a majority of the directors, exercising not less than one-half of the total voting power.

(g) Each appointed director shall be entitled to cast the number of votes allotted under Section 3 of this Article to the member appointing him. Each elected director shall be entitled to cast the num-

ber of votes which counted toward his election. All the votes which a director is entitled to cast shall be cast as a unit.

(h) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (b) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(i) The Executive Directors may appoint such committees as they deem advisable. Membership of such committees need not be limited to governors or directors or their alternates.

SEC. 5. *President and staff*

(a) The Executive Directors shall select a President who shall not be a governor or an executive director or an alternate for either. The President shall be Chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. The President shall cease to hold office when the Executive Directors so decide.

(b) The President shall be chief of the operating staff of the Bank and shall conduct, under the direction of the Executive Directors, the ordinary business of the Bank. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the officers and staff.

(c) The President, officers and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) In appointing the officers and staff the President shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 6. *Advisory Council*

(a) There shall be an Advisory Council of not less than seven persons selected by the Board of Governors including representatives of banking, commercial, industrial, labor, and agricultural interests, and with as wide a national representation as possible. In those fields where specialized international organizations exist, the members of the Council representative of those fields shall be selected in agreement with such organizations. The Council shall advise the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

(b) Councillors shall serve for two years and may be reappointed. They shall be paid their reasonable expenses incurred on behalf of the Bank.

SEC. 7. *Loan committees*

The committees required to report on loans under Article III, Section 4, shall be appointed by the Bank. Each such committee shall include an expert selected by the governor representing the member in whose territories the project is located and one or more members of the technical staff of the Bank.

SEC. 8. *Relationship to other international organizations*

(a) The Bank, within the terms of this Agreement, shall cooperate with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be affected only after amendment to this Agreement under Article VIII.

(b) In making decisions on applications for loans or guarantees relating to matters directly within the competence of any international organization of the types specified in the preceding paragraph and participated in primarily by members of the Bank, the Bank shall give consideration to the views and recommendations of such organization.

SEC. 9. *Location of offices*

(a) The principal office of the Bank shall be located in the territory of the member holding the greatest number of shares.

(b) The Bank may establish agencies or branch offices in the territories of any member of the Bank.

SEC. 10. *Regional offices and councils*

(a) The Bank may establish regional offices and determine the location of, and the areas to be covered by, each regional office.

(b) Each regional office shall be advised by a regional council representative of the entire area and selected in such manner as the Bank may decide.

SEC. 11. *Depositories*

(a) Each member shall designate its central bank as a depository for all the Bank's holdings of its currency or, if it has no central bank, it shall designate such other institution as may be acceptable to the Bank.

(b) The Bank may hold other assets, including gold, in depositories designated by the five members having the largest number of shares and in such other designated depositories as the Bank may select. Initially, at least one-half of the gold holdings of the Bank shall be held in the depository designated by the member in whose territory the Bank has its principal office, and at least forty percent shall be held in the depositories designated by the remaining four members referred to above, each of such depositories to hold, initially, not less than the amount of gold paid on the shares of the member designating it. However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and anticipated requirements of the Bank. In an emergency the Executive Directors may transfer all or any part of the Bank's gold holdings to any place where they can be adequately protected.

SEC. 12. *Form of holdings of currency*

The Bank shall accept from any member, in place of any part of the member's currency, paid in to the Bank under Article II, Section 7 (i), or to meet amortization payments on loans made with such currency, and not needed by the Bank in its operations, notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be non-negotiable, non-

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interest-bearing and payable at their par value on demand by credit to the account of the Bank in the designated depository.

SEC. 13. *Publication of reports and provision of information*

(a) The Bank shall publish an annual report containing an audited statement of its accounts and shall circulate to members at intervals of three months or less a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Bank may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

SEC. 14. *Allocation of net income*

(a) The Board of Governors shall determine annually what part of the Bank's net income, after making provision for reserves, shall be allocated to surplus and what part, if any, shall be distributed.

(b) If any part is distributed, up to two percent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the basis of the average amount of the loans outstanding during the year made under Article IV, Section 1 (a) (i), out of currency corresponding to its subscription. If two percent is paid as a first charge, any balance remaining to be distributed shall be paid to all members in proportion to their shares. Payments to each member shall be made in its own currency, or if that currency is not available, in other currency acceptable to the member. If such payments are made in currencies other than the member's own currency, the transfer of the currency and its use by the receiving member after payment shall be without restriction by the members.

ARTICLE VI. WITHDRAWAL AND SUSPENSION OF MEMBERSHIP: SUSPENSION OF OPERATIONS

SECTION 1. *Right of members to withdraw*

Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

SEC. 2. *Suspension of membership*

If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of a majority of the governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

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 obligations.

SEC. 3. *Cessation of membership in International Monetary Fund*

Any member which ceases to be a member of the International Monetary Fund shall automatically cease after three months to be a member of the Bank unless the Bank by three-fourths of the total voting power has agreed to allow it to remain a member.

SEC. 4. *Settlement of accounts with governments ceasing to be members*

(a) When a government ceases to be a member, it shall remain liable for its direct obligations to the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted before it ceased to be a member are outstanding; but it shall cease to incur liabilities with respect to loans and guarantees entered into thereafter by the Bank and to share either in the income or the expenses of the Bank.

(b) At the time a government ceases to be a member, the Bank shall arrange for the repurchase of its shares as a part of the settlement of accounts with such government in accordance with the provisions of (c) and (d) below. For this purpose the repurchase price of the shares shall be the value shown by the books of the Bank on the day the government ceases to be a member.

(c) The payment for shares repurchased by the Bank under this section shall be governed by the following conditions:

(i) Any amount due to the government for its shares shall be withheld so long as the government, its central bank or any of its agencies remains liable, as borrower or guarantor, to the Bank and such amount may, at the option of the Bank, be applied on any such liability as it matures. No amount shall be withheld on account of the liability of the government resulting from its subscription for shares under Article II, Section 5 (ii). In any event, no amount due to a member for its shares shall be paid until six months after the date upon which the government ceases to be a member.

(ii) Payments for shares may be made from time to time, upon their surrender by the government, to the extent by which the amount due as the repurchase price in (b) above exceeds the aggregate of liabilities on loans and guarantees in (c) (i) above until the former member has received the full repurchase price.

(iii) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold.

(iv) If losses are sustained by the Bank on any guarantees, participations in loans, or loans which were outstanding on the date when the government ceased to be a member, and the amount of such losses exceeds the amount of the reserve provided against losses on the date when the government ceased to be a member, such government shall be obligated to repay upon 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 repurchase price was determined. In addition, the former member government shall remain liable on any call for unpaid subscriptions under Article II, Section 5 (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 was determined.

(d) If the Bank suspends permanently its operations under Section 5 (b) of this Article, within six months of the date upon which any government ceases to be a member, all rights of such government shall be determined by the provisions of Section 5 of this Article.

SEC. 5. *Suspension of operations and settlement of obligations*

(a) In an emergency the Executive Directors may suspend temporarily operations in respect of new loans and guarantees pending an opportunity for further consideration and action by the Board of Governors.

(b) The Bank may suspend permanently its operations in respect of new loans and guarantees by vote of a majority of the governors, exercising a majority of the total voting power. After such suspension of operations the Bank shall forthwith cease all activities, except those incident to the orderly realization, conservation, and preservation of its assets and settlement of its obligations.

(c) The liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their own currencies shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

(d) All creditors holding direct claims shall be paid out of the assets of the Bank, and then out of payments to the Bank on calls on unpaid subscriptions. Before making any payments to creditors holding direct claims, the Executive Directors shall make such arrangements as are necessary, in their judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

(e) No distribution shall be made to members on account of their subscriptions to the capital stock of the Bank until—

(i) all liabilities to creditors have been discharged or provided for, and

(ii) a majority of the governors, exercising a majority of the total voting power, have decided to make a distribution.

(f) After a decision to make a distribution has been taken under (e) above, the Executive Directors, may by a two-thirds majority vote, make successive distributions of the assets of the Bank to members until all of the assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Bank against each member.

(g) Before any distribution of assets is made, the Executive Directors shall fix the proportionate share of each member according to the ratio of its shareholding to the total outstanding shares of the Bank.

(h) The Executive Directors shall value the assets to be distributed as at the date of distribution and then proceed to distribute in the following manner:

(i) There shall be paid to each member in its own obligations or those of its official agencies or legal entities within its territories, insofar as they are available for distribution, an amount equivalent in value to its proportionate share of the total amount to be distributed.

(ii) Any balance due to a member after payment has been made under (i) above shall be paid, in its own currency, insofar as it is held by the Bank, up to an amount equivalent in value to such balance.

(iii) Any balance due to a member after payment has been made under (i) and (ii) above shall be paid in gold or currency acceptable to the member, insofar as they are held by the Bank, up to an amount equivalent in value to such balance.

(iv) Any remaining assets held by the Bank after payments have been made to members under (i), (ii), and (iii) above shall be distributed *pro rata* among the members.

(i) Any member receiving assets distributed by the Bank in accordance with (h) above, shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

Article VII. Status, Immunities and Privileges

Section 1. *Purposes of Article*

To enable the Bank to fulfill 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.

Sec. 2. *Status of the Bank*

The Bank shall possess full juridical personality, and, in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Sec. 3. *Position of the Bank with regard to judicial process*

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. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The 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.

Sec. 4. *Immunity of assets from seizure*

Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Sec. 5. *Immunity of archives*

The archives of the Bank shall be inviolable.

Sec. 6. *Freedom of assets from restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Bank shall be free from restrictions, regulations, controls and moratoria of any nature.

Sec. 7. *Privilege for communications*

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

Sec. 8. *Immunities and privileges of officers and employees*

All governors, executive directors, alternates, officers and employees of the Bank—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Bank waives this immunity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities from taxation*

(a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from liability for the collection or payment 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 local subjects, or other local nationals.

(c) No taxation 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 taxation 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.

SEC. 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Bank of the detailed action which it has taken.

ARTICLE VIII. AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Bank shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members having

four-fifths of the total voting power, have accepted the proposed amendments, the Bank shall certify the fact by formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying—

(i) the right to withdraw from the Bank provided in Article VI, Section 1;

(ii) the right secured by Article II, Section 3 (c);

(iii) the limitation on liability provided in Article II, Section 6.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

Article IX. Interpretation

(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 Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director, it shall be entitled to representation in accordance with Article V, Section 4 (h).

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

(c) Whenever a disagreement arises between the Bank and a country which has ceased to be a member, or between the Bank and any member during the permanent suspension of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Bank, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Bank. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article X. Approval Deemed Given

Whenever the approval of any member is required before any act may be done by the Bank, except in Article VIII, approval shall be deemed to have been given unless the member presents an objection within such reasonable period as the Bank may fix in notifying the member of the proposed act.

Article XI. Final Provisions

Section 1. *Entry into force*

This Agreement shall enter into force when it has been signed on behalf of governments whose minimum subscriptions comprise not

less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

SEC. 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Bank as from the date of the deposit on its behalf of the instrument referred to in (a) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 1 (b), of all signatures of this Agreement and of the deposit of all instruments referred to in (a) above.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of the price of each share in gold or United States dollars for the purpose of meeting administrative expenses of the Bank. This payment shall be credited on account of the payment to be made in accordance with Article II, Section 8 (a). The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Bank when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 1 (b).

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(h) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (a) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period, the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (d) above shall be returned to it.

(i) Paragraphs (d) and (h) shall come into force with regard to each signatory government as from the date of its signature.

SEC. 3. *Inauguration of the Bank*

(a) As soon as this Agreement enters into force under Section 1 of this Article, each member shall appoint a governor and the member to whom the largest number of shares is allocated in Schedule A shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries, to which the largest number of shares are allocated in Schedule A, shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships which they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule B and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

(d) The Bank shall notify members when it is ready to commence operations.

DONE at Washington, in a single copy which shall remain deposited in the Archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose Membership is approved in accordance with Article II, Section 1 (b).

SCHEDULE A. SUBSCRIPTIONS

	Millions of dollars
Australia	200
Belgium	225
Bolivia	7
Brazil	105
Canada	325
Chile	35
China	600
Colombia	35
Costa Rica	2
Cuba	35
Czechoslovakia	125
Denmark	(1)
Dominican Republic	2
Ecuador	3.2
Egypt	40
El Salvador	1
Ethiopia	3
France	450
Greece	25
Guatemala	2
Haiti	2
Honduras	1
Iceland	1
India	400
Iran	24
Iraq	6
Liberia	.5
Luxembourg	10
Mexico	65
Netherlands	275
New Zealand	50
Nicaragua	.8
Norway	50
Panama	.2
Paraguay	.8
Peru	17.5
Philippine Commonwealth	15
Poland	125
Union of South Africa	100
U. S. S. R.	1,200
United Kingdom	1,300
United States	3,175
Uruguay	10.5
Venezuela	10.5
Yugoslavia	40
Total	9,100

[1] The quota of Denmark shall be determined by the Bank after Denmark accept membership in accordance with these Articles of Agreement.

Schedule B. Election of Executive Directors

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article V, Section 4 (b).

2. In balloting for the elective executive directors, each governor eligible to vote shall cast for one person all of the votes to which the member appointing him is entitled under Section 3 of Article V. The seven persons receiving the greatest number of votes shall be executive directors, except that no person who receives less than fourteen percent of the total of the votes which can be cast (eligible votes) shall be considered elected.

3. When seven persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected and (b) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above fifteen percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above fifteen percent of the eligible votes, the fifteen percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until fifteen percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above fourteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed fifteen percent.

6. If, after the second ballot, seven persons have not been elected, further ballots shall be held on the same principles until seven persons have been elected, provided that after six persons are elected, the seventh may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

International Monetary Fund

Text of Articles of Agreement

The governments on whose behalf the present Agreement is signed agree as follows:

Introductory Article

The International Monetary Fund is established and shall operate in accordance with the following provisions:

Article I. Purposes

The purposes of the International Monetary Fund are:

(i) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.

(ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

(iii) To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(v) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

(vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances and payments of members.

The Fund shall be guided in all its decisions by the purposes set forth in this Article.

Article II. Membership

Section 1. *Original members.*—The original members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership before the date specified in Article XX, Section 2 (*e*).

Sec. 2. *Other members.*—Membership shall be open to the governments of other countries at such times and in accordance with such terms as may be prescribed by the Fund.

Article III. Quotas and Subscriptions

Section 1. *Quotas.*—Each member shall be assigned a quota. The quotas of the members represented at the United Nations Monetary and Financial Conference which accept membership before the date specified in Article XX, Section 2 (*e*), shall be those set forth in Schedule A. The quotas of other members shall be determined by the Fund.

Sec. 2. *Adjustment of quotas.*—The Fund shall at intervals of five years review, and if it deems it appropriate propose an adjustment of, the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned. A four-fifths majority of the total voting power shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

Sec. 3. *Subscriptions: Time, place, and form of payment.*—(*a*) The subscription of each member shall be equal to its quota and shall be paid in full to the Fund at the appropriate depository on or before the date when the member becomes eligible under Article XX, Section 4 (*c*) or (*d*), to buy currencies from the Fund.

(*b*) Each member shall pay in gold, as a minimum, the smaller of—

(i) twenty-five percent of its quota; or

(ii) ten percent of its net official holdings of gold and United States dollars as at the date when the Fund notifies members under Article XX, Section 4 (*a*) that it will shortly be in a position to begin exchange transactions.

Each member shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars.

(*c*) Each member shall pay the balance of its quota in its own currency.

(*d*) If the net official holdings of gold and United States dollars of any member as at the date referred to in (*b*) (ii) above are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings. If such date is later than that on which the country becomes eligible under Article XX, Section 4 (*c*) or (*d*), to buy currencies from the Fund, the Fund and the member shall agree on a provisional gold payment to be made under (*b*) above, and the balance of the member's subscription shall be paid in the member's currency, subject to appropriate adjustment between the member and the Fund when the net official holdings have been ascertained.

Sec. 4. *Payments when quotas are changed.*—(*a*) Each member which consents to an increase in its quota shall, within thirty days after the date of its consent, pay to the Fund twenty-five percent of the increase in gold and the balance in its own currency. If, however, on the date when the member consents to an increase, its monetary reserves are less than its new quota, the Fund may reduce the proportion of the increase to be paid in gold.

(*b*) If a member consents to a reduction in its quota, the Fund shall, within thirty days after the date of the consent, pay to the member an amount equal to the reduction. The payment shall be made in the member's currency and in such amount of gold as may be

necessary to prevent reducing the Fund's holdings of the currency below seventy-five percent of the new quota.

SEC. 5. *Substitution of securities for currency.*—The Fund shall accept from any member in place of any part of the member's currency which in the judgment of the Fund is not needed for its operations, notes or similar obligations issued by the member or the depository designated by the member under Article XIII, Section 2, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by crediting the account of the Fund in the designated depository. This section shall apply not only to currency subscribed by members but also to any currency otherwise due to, or acquired by, the Fund.

ARTICLE IV. PAR VALUES OF CURRENCIES

SECTION 1. *Expression of par values.*—(*a*) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

(*b*) All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

SEC. 2. *Gold purchases based on par values.*—The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin.

SEC. 3. *Foreign exchange dealings based on parity.*—The maximum and the minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity—

(i) in the case of spot exchange transactions, by more than one percent; and

(ii) in the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the Fund considers reasonable.

SEC. 4. *Obligations regarding exchange stability.*—(*a*) Each member undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.

(*b*) Each member undertakes, through appropriate measures consistent with this Agreement, to permit within its territories exchange transactions between its currency and the currencies of other members only within the limits prescribed under Section 3 of this Article. A member whose monetary authorities, for the settlement of international transactions, in fact freely buy and sell gold within the limits prescribed by the Fund under Section 2 of this Article shall be deemed to be fulfilling this undertaking.

SEC. 5. *Changes in par values*—(*a*) A member shall not propose a change in the par value of its currency except to correct a fundamental disequilibrium.

(*b*) A change in the par value of a member's currency may be made only on the proposal of the member and only after consultation with the Fund.

(*c*) When a change is proposed, the Fund shall first take into account the changes, if any, which have already taken place in the initial par value of the member's currency as determined under Article XX, Section 4. If the proposed change, together with all previous changes, whether increases or decreases—

(i) does not exceed ten percent of the initial par value, the Fund shall raise no objection;

(ii) does not exceed a further ten percent of the initial par value, the Fund may either concur or object, but shall declare its attitude within seventy-two hours if the member so requests;

(iii) is not within (i) or (ii) above, the Fund may either concur or object, but shall be entitled to a longer period in which to declare its attitude.

(*d*) Uniform changes in par values made under Section 7 of this Article shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of (*c*) above.

(*e*) A member may change the par value of its currency without the concurrence of the Fund if the change does not affect the international transactions of members of the Fund.

(*f*) The Fund shall concur in a proposed change which is within the terms of (*c*) (ii) or (*c*) (iii) above if it is satisfied that the change is necessary to correct a fundamental disequilibrium. In particular, provided it is so satisfied, it shall not object to a proposed change because of the domestic social or political policies of the member proposing the change.

SEC. 6. *Effect of unauthorized changes.*—If a member changes the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, the member shall be ineligible to use the resources of the Fund unless the Fund otherwise determines; and if, after the expiration of a reasonable period, the difference between the member and the Fund continues, the matter shall be subject to the provisions of Article XV, Section 2 (*b*).

SEC. 7. *Uniform changes in par values.*—Notwithstanding the provisions of Section 5 (*b*) of this Article, the Fund by a majority of the total voting power may make uniform proportionate changes in the par values of the currencies of all members, provided each such change is approved by every member which has ten percent or more of the total of the quotas. The par value of a member's currency shall, however, not be changed under this provision if, within seventy-two hours of the Fund's action, the member informs the Fund that it does not wish the par value of its currency to be changed by such action.

SEC. 8. *Maintenance of gold value of the Fund's assets.*—(*a*) The gold value of the Fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

(*b*) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Fund, depreciated to a significant extent within that member's territories, the member shall pay to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the Fund.

(*c*) Whenever the par value of a member's currency is increased, the Fund shall return to such member within a reasonable time an

amount in its currency equal to the increase in the gold value of its currency held by the Fund.

(*d*) The provisions of this section shall apply to a uniform proportionate change in the par values of the currencies of all members, unless at the time when such a change is proposed the Fund decides otherwise.

SEC. 9. *Separate currencies within a member's territories.*—A member proposing a change in the par value of its currency shall be deemed, unless it declares otherwise, to be proposing a corresponding change in the par value of the separate currencies of all territories in respect of which it has accepted this Agreement under Article XX, Section 2 (*g*). It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or only to one or more specified separate currencies, or to the metropolitan currency and one or more specified separate currencies.

ARTICLE V. TRANSACTIONS WITH THE FUND

SECTION 1. *Agencies dealing with the Fund.*—Each member shall deal with the Fund only through its treasury, central bank, stabilization fund, or other similar fiscal agency and the Fund shall deal only with or through the same agencies.

SEC. 2. *Limitation on the Fund's operations.*—Except as otherwise provided in this Agreement, operations on the account of the Fund shall be limited to transactions for the purpose of supplying a member, on the initiative of such member, with the currency of another member in exchange for gold or for the currency of the member desiring to make the purchase.

SEC. 3. *Conditions governing use of the Fund's resources.*—(a) A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency subject to the following conditions:

(i) The member desiring to purchase the currency represents that it is presently needed for making in that currency payments which are consistent with the provisions of this Agreement;

(ii) The Fund has not given notice under Article VII, Section 3, that its holdings of the currency desired have become scarce;

(iii) The proposed purchase would not cause the Fund's holdings of the purchasing member's currency to increase by more than twenty-five percent of its quota during the period of twelve months ending on the date of the purchase nor to exceed two hundred percent of its quota, but the twenty-five percent limitation shall apply only to the extent that the Fund's holdings of the member's currency have been brought above seventy-five percent of its quota if they had been below that amount;

(iv) The Fund has not previously declared under Section 5 of this Article, Article IV, Section 6, Article VI, Section 1, or Article XV, Section 2 (*a*), that the member desiring to purchase is ineligible to use the resources of the Fund.

(*b*) A member shall not be entitled without the permission of the Fund to use the Fund's resources to acquire currency to hold against forward exchange transactions.

SEC. 4. *Waiver of conditions.*—The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions

prescribed in Section 3 (*a*) of this Article, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making a waiver it shall take into consideration periodic or exceptional requirements of the member requesting the waiver. The Fund shall also take into consideration a member's willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security.

SEC. 5. *Ineligibility to use the Fund's resources.*—Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a report setting forth the views of the Fund and prescribing a suitable time for reply. After presenting such a report to a member, the Fund may limit the use of its resources by the member. If no reply to the report is received from the member within the prescribed time, or if the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or may, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

SEC. 6. *Purchases of currencies from the Fund for gold.*—(*a*) Any member desiring to obtain, directly or indirectly, the currency of another member for gold shall, provided that it can do so with equal advantage, acquire it by the sale of gold to the Fund.

(*b*) Nothing in this section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories.

SEC. 7. *Repurchase by a member of its currency held by the Fund.*—(*a*) A member may repurchase from the Fund and the Fund shall sell for gold any part of the Fund's holdings of its currency in excess of its quota.

(*b*) At the end of each financial year of the Fund, a member shall repurchase from the Fund with gold or convertible currencies, as determined in accordance with Schedule B, part of the Fund's holdings of its currency under the following conditions:

(i) Each member shall use in repurchases of its own currency from the Fund an amount of its monetary reserves equal in value to one-half of any increase that has occurred during the year in the Fund's holdings of its currency plus one-half of any increase, or minus one-half of any decrease, that has occurred during the year in the member's monetary reserves. This rule shall not apply when a member's monetary reserves have decreased during the year by more than the Fund's holdings of its currency have increased.

(ii) If after the repurchase described in (i) above (if required) has been made, a member's holdings of another member's currency (or of gold acquired from that member) are found to have increased by reason of transactions in terms of that currency with other members or persons in their territories, the member whose holdings of such currency (or gold) have thus increased shall use the increase to repurchase its own currency from the Fund.

(*c*) None of the adjustments described in (*b*) above shall be carried to a point at which—

(i) the member's monetary reserves are below its quota, or
(ii) the Fund's holdings of its currency are below seventy-five percent of its quota, or
(iii) the Fund's holdings of any currency required to be used are above seventy-five percent of the quota of the member concerned.

SEC. 8. *Charges.*—(*a*) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge uniform for all members of three-fourths percent in addition to the parity price. The Fund in its discretion may increase this service charge to not more than one percent or reduce it to not less than one-half percent.

(*b*) The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund.

(*c*) The Fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the Fund in excess of its quota. These charges shall be at the following rates:

(i) *On amounts not more than twenty-five percent in excess of the quota:* no charge for the first three months; one-half percent per annum for the next nine months; and thereafter an increase in the charge of one-half percent for each subsequent year.

(ii) *On amounts more than twenty-five percent and not more than fifty percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(iii) *On each additional bracket of twenty-five percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(*d*) Whenever the Fund's holdings of a member's currrency are such that the charge applicable to any bracket for any period has reached the rate of four percent per annum, the Fund and the member shall consider means by which the Fund's holdings of the currency can be reduced. Thereafter, the charges shall rise in accordance with the provisions of (*c*) above until they reach five percent and failing agreement, the Fund may then impose such charges as it deems appropriate.

(*e*) The rates referred to in (*c*) and (*d*) above may be changed by a three-fourths majority of the total voting power.

(*f*) All charges shall be paid in gold. If, however, the member's monetary reserves are less than one-half of its quota, it shall pay in gold only that proportion of the charges due which such reserves bear to one-half of its quota, and shall pay the balance in its own currency.

ARTICLE VI. CAPITAL TRANSFERS

SECTION 1. *Use of the Fund's resources for capital transfers.*—(*a*) A member may not make net use of the Fund's resources to meet a large or sustained outflow of capital, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund. If, after receiving such a request, a member fails to exercise appropriate controls, the Fund may declare the member ineligible to use the resources of the Fund.

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(*b*) Nothing in this section shall be deemed—

(i) to prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business, or

(ii) to affect capital movements which are met out of a member's own resources of gold and foreign exchange, but members undertake that such capital movements will be in accordance with the purposes of the Fund.

SEC. 2. *Special provisions for capital transfers.*—If the Fund's holdings of the currency of a member have remained below seventy-five percent of its quota for an immediately preceding period of not less than six months, such member, if it has not been declared ineligible to use the resources of the Fund under Section 1 of this Article, Article IV, Section 6, Article V, Section 5, or Article XV, Section 2 (*a*), shall be entitled, notwithstanding the provisions of Section 1 (*a*) of this Article, to buy the currency of another member from the Fund with its own currency for any purpose, including capital transfers. Purchases for capital transfers under this section shall not, however, be permitted if they have the effect of raising the Fund's holdings of the currency of the member desiring to purchase above seventy-five percent of its quota, or of reducing the Fund's holdings of the currency desired below seventy-five percent of the quota of the member whose currency is desired.

SEC. 3. *Controls of capital transfers.*—Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise these controls in a manner which will restrict payments for current transactions or which will unduly delay transfers of funds in settlement of commitments, except as provided in Article VII, Section 3 (*b*), and in Article XIV, Section 2.

ARTICLE VII. SCARCE CURRENCIES

SECTION 1. *General scarcity of currency.*—If the Fund finds that a general scarcity of a particular currency is developing, the Fund may so inform members and may issue a report setting forth the causes of the scarcity and containing recommendations designed to bring it to an end. A representative of the member whose currency is involved shall participate in the preparation of the report.

SEC. 2. *Measures to replenish the Fund's holdings of scarce currencies.*—The Fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

(i) Propose to the member that, on terms and conditions agreed between the Fund and the member, the latter lend its currency to the Fund or that, with the approval of the member, the Fund borrow such currency from some other source either within or outside the territories of the member, but no member shall be under any obligation to make such loans to the Fund or to approve the borrowing of its currency by the Fund from any other source.

(ii) Require the member to sell its currency to the Fund for gold.

SEC. 3. *Scarcity of the Fund's holdings.*—(*a*) If it becomes evident to the Fund that the demand for a member's currency seriously

threatens the Fund's ability to supply that currency, the Fund, whether or not it has issued a report under Section 1 of this Article, shall formally declare such currency scarce and shall thenceforth apportion its existing and accruing supply of the scarce currency with due regard to the relative needs of members, the general international economic situation, and any other pertinent considerations. The Fund shall also issue a report concerning its action.

(*b*) A formal declaration under (*a*) above shall operate as an authorization to any member, after consultation with the Fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency. Subject to the provisions of Article IV, Sections 3 and 4, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit.

(*c*) The authorization under (*b*) above shall expire whenever the Fund formally declares the currency in question to be no longer scarce.

SEC. 4. *Administration of restrictions.*—Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of Section 3 (*b*) of this Article shall give sympathetic consideration to any representations by the other member regarding the administration of such restrictions.

SEC. 5. *Effect of other international agreements on restrictions.*—Members agree not to invoke the obligations of any engagements entered into with other members prior to this Agreement in such a manner as will prevent the operation of the provisions of this Article.

ARTICLE VIII. GENERAL OBLIGATIONS OF MEMBERS

SECTION 1. *Introduction.*—In addition to the obligations assumed under other articles of this Agreement, each member undertakes the obligations set out in this Article.

SEC. 2. *Avoidance of restrictions on current payments.*—(*a*) Subject to the provisions of Article VII, Section 3 (*b*), and Article XIV, Section 2, no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.

(*b*) Exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement shall be unenforceable in the territories of any member. In addition, members may, by mutual accord, cooperate in measures for the purpose of making the exchange control regulations of either member more effective, provided that such measures and regulations are consistent with this Agreement.

SEC. 3. *Avoidance of discriminatory currency practices.*—No member shall engage in, or permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any discriminatory currency arrangements or multiple currency practices except as authorized under this Agreement or approved by the Fund. If such arrangements and practices are engaged in at the date when this Agreement enters

into force the member concerned shall consult with the Fund as to their progressive removal unless they are maintained or imposed under Article XIV, Section 2, in which case the provisions of Section 4 of that Article shall apply.

SEC. 4. *Convertibility of foreign-held balances.*—(*a*) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents—

(i) that the balances to be bought have been recently acquired as a result of current transactions; or

(ii) that their conversion is needed for making payments for current transactions.

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

(*b*) The obligation in (*a*) above shall not apply—

(i) when the convertibility of the balances has been restricted consistently with Section 2 of this Article, or Article VI, Section 3; or

(ii) when the balances have accumulated as a result of transactions effected before the removal by a member of restrictions maintained or imposed under Article XIV, Section 2; or

(iii) when the balances have been acquired contrary to the exchange regulations of the member which is asked to buy them; or

(iv) when the currency of the member requesting the purchase has been declared scarce under Article VII, Section 3 (*a*); or

(v) when the member requested to make the purchase is for any reason not entitled to buy currencies of other members from the Fund for its own currency.

SEC. 5. *Furnishing of information.*—(*a*) The Fund may require members to furnish it with such information as it deems necessary for its operations, including, as the minimum necessary for the effective discharge of the Fund's duties, national data on the following matters:

(i) Official holdings at home and abroad, of (1) gold, (2) foreign exchange.

(ii) Holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange.

(iii) Production of gold.

(iv) Gold exports and imports according to countries of destination and origin.

(v) Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.

(vi) International balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items.

(vii) International investment position, *i. e.*, investments within the territories of the member owned abroad and investments abroad owned by persons in its territories so far as it is possible to furnish this information.

(viii) National income.

(ix) Price indices, *i. e.*, indices of commodity prices in wholesale and retail markets and of export and import prices.

(x) Buying and selling rates for foreign currencies.

(xi) Exchange controls, *i. e.*, a comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and details of subsequent changes as they occur.

(xii) Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and of the length of time during which such arrears have been outstanding.

(*b*) In requesting information the Fund shall take into consideration the varying ability of members to furnish the data requested. Members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. Members undertake, however, to furnish the desired information in as detailed and accurate a manner as is practicable, and, so far as possible, to avoid mere estimates.

(*c*) The Fund may arrange to obtain further information by agreement with members. It shall act as a centre for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.

SEC. 6. *Consultation between members regarding existing international agreements.*—Where under this Agreement a member is authorized in the special or temporary circumstances specified in the Agreement to maintain or establish restrictions on exchange transactions, and there are other engagements between members entered into prior to this Agreement which conflict with the application of such restrictions, the parties to such engagements will consult with one another with a view to making such mutually acceptable adjustments as may be necessary. The provisions of this Article shall be without prejudice to the operation of Article VII, Section 5.

ARTICLE IX. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Purpose of Article.*—To enable the Fund to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Fund in the territories of each member.

SEC. 2. *Status of the Fund.*—The Fund shall possess full juridical personality, and in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

SEC. 3. *Immunity from judicial process.*—The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

SEC. 4. *Immunity from other action.*—Property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

SEC. 5. *Immunity of archives.*—The archives of the Fund shall be inviolable.

SEC. 6. *Freedom of assets from restrictions.*—To the extent necessary to carry out the operations provided for in this Agreement, all property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

SEC. 7. *Privilege for communications.*—The official communications of the Fund shall be accorded by members the same treatment as the official communications of other members.

SEC. 8. *Immunities and privileges of officers and employees.*—All governors, executive directors, alternates, officers and employees of the Fund—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity;

(ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities from taxation.*—(*a*) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Fund shall also be immune from liability for the collection or payment of any tax or duty.

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

(*c*) No taxation of any kind shall be levied on any obligation or security issued by the Fund, including any dividend or interest thereon, by whomsoever held—

(i) which discriminates against such obligation or security solely because of its origin; 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 Fund.

SEC. 10. *Application of Article.*—Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Fund of the detailed action which it has taken.

ARTICLE X. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

The Fund shall cooperate within the terms of this Agreement with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be effected only after amendment to this Agreement under Article XVII.

Article XI. Relations With Non-Member Countries

Section 1. *Undertakings regarding relations with non-member countries.*—Each member undertakes:

(i) Not to engage in, nor to permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this Agreement or the purposes of the Fund;

(ii) Not to cooperate with a non-member or with persons in a non-member's territories in practices which would be contrary to the provisions of this Agreement or the purposes of the Fund; and

(iii) To cooperate with the Fund with a view to the application in its territories of appropriate measures to prevent transactions with non-members or with persons in their territories which would be contrary to the provisions of this Agreement or the purposes of the Fund.

Sec. 2. *Restrictions on transactions with non-member countries.*—Nothing in this Agreement shall affect the right of any member to impose restrictions on exchange transactions with non-members or with persons in their territories unless the Fund finds that such restrictions prejudice the interests of members and are contrary to the purposes of the Fund.

Article XII. Organization and Management

Section 1. *Structure of the Fund.*—The Fund shall have a Board of Governors, Executive Directors, a Managing Director, and a staff.

Sec. 2. *Board of Governors.*—(*a*) All powers of the Fund shall be vested in the Board of Governors, consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as chairman.

(*b*) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

(i) Admit new members and determine the conditions of their admission.

(ii) Approve a revision of quotas.

(iii) Approve a uniform change in the par value of the currencies of all members.

(iv) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary or administrative character).

(v) Determine the distribution of the net income of the Fund.

(vi) Require a member to withdraw.

(vii) Decide to liquidate the Fund.

(viii) Decide appeals from interpretations of this agreement given by the Executive Directors.

(*c*) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called

by the Executive Directors. Meetings of the Board shall be called by the directors whenever requested by five members or by members having one-quarter of the total voting power.

(*d*) A quorum for any meeting of the Board of Governors shall be a majority of the governors exercising not less than two-thirds of the total voting power.

(*e*) Each governor shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him.

(*f*) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Fund, may obtain a vote of the governors on a specific question without calling a meeting of the Board.

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

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

(*i*) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the Managing Director.

SEC. 3. *Executive Directors.*—(*a*) The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise all the powers delegated to them by the Board of Governors.

(*b*) There shall be not less than twelve directors who need not be governors, and of whom—

(i) five shall be appointed by the five members having the largest quotas;

(ii) not more than two shall be appointed when the provisions of (*c*) below apply;

(iii) five shall be elected by the members not entitled to appoint directors, other than the American Republics; and

(iv) two shall be elected by the American Republics not entitled to appoint directors.

For the purposes of this paragraph, members means governments of countries whose names are set forth in Schedule A, whether they become members in accordance with Article XX or in accordance with Article II, Section 2. When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the number of directors to be elected.

(*c*) If, at the second regular election of directors and thereafter, the members entitled to appoint directors under (*b*) (i) above do not include the two members, the holdings of whose currencies by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts in terms of gold as a common denominator, either one or both of such members, as the case may be, shall be entitled to appoint a director.

(*d*) Subject to Article XX, Section 3 (b) elections of elective directors shall be conducted at intervals of two years in accordance with the provisions of Schedule C, supplemented by such regulations as the

Fund deems appropriate. Whenever the Board of Governors increases the number of directors to be elected under (*b*) above, it shall issue regulations making appropriate changes in the proportion of votes required to elect directors under the provisions of Schedule C.

(*e*) Each director shall appoint an alternate with full power to act for him when he is not present. When the directors appointing them are present, alternates may participate in meetings but may not vote.

(*f*) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the members who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(*g*) The Executive Directors shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require.

(*h*) A quorum for any meeting of the Executive Directors shall be a majority of the directors representing not less than one-half of the voting power.

(*i*) Each appointed director shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted toward his election. When the provisions of Section 5 (*b*) of this Article are applicable, the votes which a director would otherwise be entitled to cast shall be increased or decreased correspondingly. All the votes which a director is entitled to cast shall be cast as a unit.

(*j*) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (*b*) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(*k*) The Executive Directors may appoint such committees as they deem advisable. Membership of committees need not be limited to governors or directors or their alternates.

SEC. 4. *Managing Director and staff.*—(*a*) The Executive Directors shall select a Managing Director who shall not be a governor or an executive director. The Managing Director shall be chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. The Managing Director shall cease to hold office when the Executive Directors so decide.

(*b*) The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Directors, the ordinary business of the Fund. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the staff of the Fund.

(*c*) The Managing Director and the staff of the Fund, in the discharge of their functions, shall owe their duty entirely to the Fund and to no other authority. Each member of the Fund shall respect the

international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of his functions.

(*d*) In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 5. *Voting.*—(*a*) Each member shall have two hundred and fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand United States dollars.

(*b*) Whenever voting is required under Article V, Section 4 or 5, each member shall have the number of votes to which it is entitled under (*a*) above, adjusted—

(i) by the addition of one vote for the equivalent of each four hundred thousand United States dollars of net sales of its currency up to the date when the vote is taken, or

(ii) by the subtraction of one vote for the equivalent of each four hundred thousand United States dollars of its net purchases of the currencies of other members up to the date when the vote is taken;

provided, that neither net purchases nor net sales shall be deemed at any time to exceed an amount equal to the quota of the member involved.

(*c*) For the purpose of all computations under this section, United States dollars shall be deemed to be of the weight and fineness in effect on July 1, 1944, adjusted for any uniform change under Article IV, Section 7, if a waiver is made under Section 8 (*d*) of that Article.

(*d*) Except as otherwise specifically provided, all decisions of the Fund shall be made by a majority of the votes cast.

SEC. 6. *Distribution of net income.*—(*a*) The Board of Governors shall determine annually what part of the Fund's net income shall be placed to reserve and what part, if any, shall be distributed.

(*b*) If any distribution is made, there shall first be distributed a two-percent non-cumulative payment to each member on the amount by which seventy-five percent of its quota exceeded the Fund's average holdings of its currency during that year. The balance shall be paid to all members in proportion to their quotas. Payments to each member shall be made in its own currency.

SEC. 7. *Publication of reports.*—(*a*) The Fund shall publish an annual report containing an audited statement of its accounts, and shall issue, at intervals of three months or less, a summary statement of its transactions and its holdings of gold and currencies of members.

(*b*) The Fund may publish such other reports as it deems desirable for carrying out its purposes.

SEC. 8. *Communication of views to members.*—The Fund shall at all times have the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a two-thirds majority of the total voting power, decide to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. If the member is not entitled to appoint an executive director, it shall be entitled to representation in accordance with Section

3 (*j*) of this Article. The Fund shall not publish a report involving changes in the fundamental structure of the economic organization of members.

Article XIII. Offices and Depositories

Section 1. *Location of offices.*—The principal office of the Fund shall be located in the territory of the member having the largest quota, and agencies or branch offices may be established in the territories of other members.

Sec. 2. *Depositories.*—(*a*) Each member country shall designate its central bank as a depository for all the Fund's holdings of its currency, or if it has no central bank it shall designate such other institution as may be acceptable to the Fund.

(*b*) The Fund may hold other assets, including gold, in the depositories designated by the five members having the largest quotas and in such other designated depositories as the Fund may select. Initially, at least one-half of the holdings of the Fund shall be held in the depository designated by the member in whose territories the Fund has its principal office and at least forty percent shall be held in the depositories designated by the remaining four members referred to above. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and anticipated requirements of the Fund. In an emergency the Executive Directors may transfer all or any part of the Fund's gold holdings to any place where they can be adequately protected.

Sec. 3. *Guarantee of the Fund's assets.*—Each member guarantees all assets of the Fund against loss resulting from failure or default on the part of the depository designated by it.

Article XIV. Transitional Period

Section 1. *Introduction.*—The Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war.

Sec. 2. *Exchange restrictions.*—In the post-war transitional period members may, notwithstanding the provisions of any other articles of this Agreement, maintain and adapt to changing circumstances (and, in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund.

Sec. 3. *Notification to the Fund.*—Each member shall notify the Fund before it becomes eligible under Article XX, Section 4 (*c*) or

(*d*), to buy currency from the Fund, whether it intends to avail itself of the transitional arrangements in Section 2 of this Article, or whether it is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4. A member availing itself of the transitional arrangements shall notify the Fund as soon thereafter as it is prepared to accept the above-mentioned obligations.

SEC. 4. *Action of the Fund relating to restrictions.*—Not later than three years after the date on which the Fund begins operations and in each year thereafter, the Fund shall report on the restrictions still in force under Section 2 of this Article. Five years after the date on which the Fund begins operations, and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. The Fund may, if it deems such action necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other article of this Agreement. The member shall be given a suitable time to reply to such representations. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund, the member shall be subject to Article XV, Section 2 (*a*).

SEC. 5. *Nature of transitional period.*—In its relations with members, the Fund shall recognize that the postwar transitional period will be one of change and adjustment and in making decisions on requests occasioned thereby which are presented by any member it shall give the member the benefit of any reasonable doubt.

ARTICLE XV. WITHDRAWAL FROM MEMBERSHIP

SECTION 1. *Right of members to withdraw.*—Any member may withdraw from the Fund at any time by transmitting a notice in writing to the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

SEC. 2. *Compulsory withdrawal.*—(*a*) If a member fails to fulfill any of its obligations under this Agreement, the Fund may declare the member ineligible to use the resources of the Fund. Nothing in this section shall be deemed to limit the provisions of Article IV, Section 6, Article V, Section 5, or Article VI, Section 1.

(*b*) If, after the expiration of a reasonable period the member persists in its failure to fulfill any of its obligations under this Agreement, or a difference between a member and the Fund under Article IV, section shall be deemed to limit the provisions of Article IV, Section 6, membership in the Fund by a decision of the Board of Governors carried by a majority of the governors representing a majority of the total voting power.

(*c*) Regulations shall be adopted to ensure that before action is taken against any member under (*a*) or (*b*) above, the member shall be informed in reasonable time of the complaint against it and given an adequate opportunity for stating its case, both orally and in writing.

SEC. 3. *Settlement of accounts with members withdrawing.*—When a member withdraws from the Fund, normal transactions of the Fund in its currency shall cease and settlement of all accounts between it

and the Fund shall be made with reasonable despatch by agreement between it and the Fund. If agreement is not reached promptly, the provisions of Schedule D shall apply to the settlement of accounts.

Article XVI. Emergency Provisions

Section 1. *Temporary suspension.*—(*a*) In the event of an emergency or the development of unforeseen circumstances threatening the operations of the Fund, the Executive Directors by unanimous vote may suspend for a period of not more than one hundred and twenty days the operation of any of the following provisions:

(i) Article IV, Sections 3 and 4 (*b*).
(ii) Article V, Sections 2, 3, 7, 8 (*a*) and (*f*).
(iii) Article VI, Section 2.
(iv) Article XI, Section 1.

(*b*) Simultaneously with any decision to suspend the operation of any of the foregoing provisions, the Executive Directors shall call a meeting of the Board of Governors for the earliest practicable date.

(*c*) The Executive Directors may not extend any suspension beyond one hundred and twenty days. Such suspension may be extended, however, for an additional period of not more than two hundred and forty days, if the Board of Governors by a four-fifths majority of the total voting power so decides, but it may not be further extended except by amendment of this Agreement pursuant to Article XVII.

(*d*) The Executive Directors may, by a majority of the total voting power, terminate such suspension at any time.

Sec. 2. *Liquidation of the Fund.*—(*a*) The Fund may not be liquidated except by decision of the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may temporarily suspend all transactions, pending decision by the Board.

(*b*) If the Board of Governors decides to liquidate the Fund, the Fund shall forthwith cease to engage in any activities except those incidental to the orderly collection and liquidation of its assets and the settlement of its liabilities, and all obligations of members under this Agreement shall cease except those set out in this Article, in Article XVIII, paragraph (*c*), in Schedule D, paragraph 7, and in Schedule E.

(*c*) Liquidation shall be administered in accordance with the provisions of Schedule E.

Article XVII. Amendments

(*a*) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Fund shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendment, the Fund shall certify the fact by a formal communication addressed to all members.

(*b*) Notwithstanding (*a*) above, acceptance by all members is required in the case of any amendment modifying—

(i) the right to withdraw from the Fund (Article XV, Section 1);

(ii) the provision that no change in a member's quota shall be made without its consent (Article III, Section 2);

(iii) the provision that no change may be made in the par value of a member's currency except on the proposal of that member (Article IV, Section 5 (*b*)).

(*c*) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

Article XVIII. Interpretation

(*a*) Any question of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director it shall be entitled to representation in accordance with Article XII, Section 3 (*j*).

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

(*c*) Whenever a disagreement arises between the Fund and a member which has withdrawn, or between the Fund and any member during liquidation of the Fund, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Fund, another by the member or withdrawing member and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Fund. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article XIX. Explanation of Terms

In interpreting the provisions of this Agreement the Fund and its members shall be guided by the following:

(*a*) A member's monetary reserves means its net official holdings of gold, of convertible currencies of other members, and of the currencies of such non-members as the Fund may specify.

(*b*) The official holdings of a member means central holdings (that is, the holdings of its treasury, central bank, stabilization fund, or similar fiscal agency).

(*c*) The holdings of other official institutions or other banks within its territories may, in any particular case, be deemed by the Fund, after consultation with the member, to be official holdings to the extent that they are substantially in excess of working balances; provided that for the purpose of determining whether, in a particular case,

holdings are in excess of working balances, there shall be deducted from such holdings amounts of currency due to official institutions and banks in the territories of members or non-members specified under (*d*) below.

(*d*) A member's holdings of convertible currencies means its holdings of the currencies of other members which are not availing themselves of the transitional arrangements under Article XIV, Section 2, together with its holdings of the currencies of such non-members as the Fund may from time to time specify. The term currency for this purpose includes without limitation coins, paper money, bank balances, bank acceptances, and government obligations issued with a maturity not exceeding twelve months.

(*e*) A member's monetary reserves shall be calculated by deducting from its central holdings the currency liabilities to the treasuries, central banks, stabilization funds, or similar fiscal agencies of other members or non-members specified under (*d*) above, together with similar liabilities to other official institutions and other banks in the territories of members, or non-members specified under (*d*) above. To these net holdings shall be added the sums deemed to be official holdings of other official institutions and other banks under (*c*) above.

(*f*) The Fund's holdings of the currency of a member shall include any securities accepted by the Fund under Article III, Section 5.

(*g*) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article XIV, Section 2, may deem holdings of the currency of that member which carry specified rights of conversion into another currency or into gold to be holdings of convertible currency for the purpose of the calculation of monetary reserves.

(*h*) For the purpose of calculating gold subscriptions under Article III, Section 3, a member's net official holdings of gold and United States dollars shall consist of its official holdings of gold and United States currency after deducting central holdings of its currency by other countries and holdings of its currency by other official institutions and other banks if these holdings carry specified rights of conversion into gold or United States currency.

(*i*) Payments for current transactions means payments which are not for the purpose of transferring capital, and includes, without limitation:

(1) All payments due in connection with foreign trade, other current business, including services, and normal short-term banking and credit facilities;

(2) Payments due as interest on loans and as net income from other investments;

(3) Payments of moderate amount for amortization of loans or for depreciation of direct investments;

(4) Moderate remittances for family living expenses.

The Fund may, after consultation with the members concerned, determine whether certain specific transactions are to be considered current transactions or capital transactions.

Article XX. Final Provisions

Section 1. *Entry into force.*—This Agreement shall enter into force when it has been signed on behalf of governments having sixty-five

percent of the total of the quotas set forth in Schedule A and when the instruments referred to in Section 2 (*a*) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

SEC. 2. *Signature.*—(*a*) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(*b*) Each government shall become a member of the Fund as from the date of the deposit on its behalf of the instrument referred to in (*a*) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(*c*) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 2, of all signatures of this Agreement and of the deposit of all instruments referred to in (*a*) above.

(*d*) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of its total subscription in gold or United States dollars for the purpose of meeting administrative expenses of the Fund. The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Fund when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(*e*) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(*f*) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 2.

(*g*) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(*h*) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (*a*) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (*d*) above shall be returned to it.

(*i*) Paragraphs (*d*) and (*h*) shall come into force with regard to each signatory government as from the date of its signature.

SEC. 3. *Inauguration of the Fund.*—(*a*) As soon as this Agreement enters into force under Section 1 of this Article, each member shall

appoint a governor and the member having the largest quota shall call the first meeting of the Board of Governors.

(*b*) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries for which the largest quotas are set forth in Schedule A shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule C and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(*c*) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

SEC. 4. *Initial determination of par value.*—(*a*) When the Fund is of the opinion that it will shortly be in a position to begin exchange transactions, it shall so notify the members and shall request each member to communicate within thirty days the par value of its currency based on the rates of exchange prevailing on the sixtieth day before the entry into force of this Agreement. No member whose metropolitan territory has been occupied by the enemy shall be required to make such a communcation while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. When such a member communicates the par value of its currency the provisions of (*d*) below shall apply.

(*b*) The par value communicated by a member whose metropolitan territory has not been occupied by the enemy shall be the par value of that member's currency for the purposes of this Agreement unless, within ninety days after the request referred to in (*a*) above has been received, (i) the member notifies the Fund that it regards the par value as unsatisfactory, or (ii) the Fund notifies the member that in its opinion the par value cannot be maintained without causing recourse to the Fund on the part of that member or others on a scale prejudicial to the Fund and to members. When notification is given under (i) or (ii) above, the Fund and the member shall, within a period determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for that currency. If the Fund and the member do not agree within the period so determined, the member shall be deemed to have withdrawn from the Fund on the date when the period expires.

(*c*) When the par value of a member's currency has been established under (*b*) above, either by the expiration of ninety days without notification, or by agreement after notification, the member shall be eligible to buy from the Fund the currencies of other members to the full extent permitted in this Agreement, provided that the Fund has begun exchange transactions.

(*d*) In the case of a member whose metropolitan territory has been occupied by the enemy, the provisions of (*b*) above shall apply, subject to the following modifications:

(i) The period of ninety days shall be extended so as to end on a date to be fixed by agreement between the Fund and the member.

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(ii) Within the extended period the member may, if the Fund has begun exchange transactions, buy from the Fund with its currency the currencies of other members, but only under such conditions and in such amounts as may be prescribed by the Fund.

(iii) At any time before the date fixed under (i) above, changes may be made by agreement with the Fund in the par value communicated under (*a*) above.

(*e*) If a member whose metropolitan territory has been occupied by the enemy adopts a new monetary unit before the date to be fixed under (*d*) (i) above, the par value fixed by that member for the new unit shall be communicated to the Fund and the provisions of (*d*) above shall apply.

(*f*) Changes in par values agreed with the Fund under this section shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of Article IV, Section 5 (*c*).

(*g*) A member communicating to the Fund a par value for the currency of its metropolitan territory shall simultaneously communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it has accepted this Agreement under Section 2 (*g*) of this Article, but no member shall be required to make a communication for the separate currency of a territory which has been occupied by the enemy while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. On the basis of the par value so communicated, the Fund shall compute the par value of each separate currency. A communication or notification to the Fund under (*a*), (*b*) or (*d*) above regarding the par value of a currency, shall also be deemed, unless the contrary is stated, to be a communication or notification regarding the par value of all the separate currencies referred to above. Any member may, however, make a communication or notification relating to the metropolitan or any of the separate currencies alone. If the member does so, the provisions of the preceding paragraphs (including (*d*) above, if a territory where a separate currency exists has been occupied by the enemy) shall apply to each of these currencies separately.

(*h*) The Fund shall begin exchange transactions at such date as it may determine after members having sixty-five percent of the total of the quotas set forth in Schedule A have become eligible, in accordance with the preceding paragraphs of this section, to purchase the currencies of other members, but in no event until after major hostilities in Europe have ceased.

(*i*) The Fund may postpone exchange transactions with any member if its circumstances are such that, in the opinion of the Fund, they would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or prejudicial to the Fund or the members.

(*j*) The par values of the currencies of governments which indicate their desire to become members after December 31, 1945, shall be determined in accordance with the provisions of Article II, Section 2.

DONE at Washington, in a single copy which shall remain deposited in the Archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose membership is approved in accordance with Article II, Section 2.

Schedule A. Quotas

[In millions of United States dollars]

Australia	200	Iran	25
Belgium	225	Iraq	8
Bolivia	10	Liberia	.5
Brazil	150	Luxembourg	10
Canada	300	Mexico	90
Chile	50	Netherlands	275
China	550	New Zealand	50
Colombia	50	Nicaragua	2
Costa Rica	5	Norway	50
Cuba	50	Panama	.5
Czechoslovakia	125	Paraguay	2
Denmark	(1)	Peru	25
Dominican Republic	5	Philippine Commonwealth	15
Ecuador	5	Poland	125
Egypt	45	Union of South Africa	100
El Salvador	2.5	Union of Soviet Socialist Republics	1,200
Ethiopia	6	United Kingdom	1,300
France	450	United States	2,750
Greece	40	Uruguay	15
Guatemala	5	Venezuela	15
Haiti	5	Yugoslavia	60
Honduras	2.5		
Iceland	1		
India	400	Total	8,800

[1] The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign this Agreement but before signature takes place.

Schedule B. Provisions With Respect to Repurchase by a Member of its Currency Held by the Fund

1. In determining the extent to which repurchase of a member's currency from the Fund under Article V, Section 7 (*b*), shall be made with each type of monetary reserve, that is, with gold and with each convertible currency, the following rule, subject to 2 below, shall apply:

(*a*) If the member's monetary reserves have not increased during the year, the amount payable to the Fund shall be distributed among all types of reserves in proportion to the member's holdings thereof at the end of the year.

(*b*) If the member's monetary reserves have increased during the year, a part of the amount payable to the Fund equal to one-half of the increase shall be distributed among those types of reserves which have increased in proportion to the amount by which each of them has increased. The remainder of the sum payable to the Fund shall be distributed among all types of reserves in proportion to the member's remaining holdings thereof.

(*c*) If after all the repurchases required under Article V, Section 7 (*b*), had been made, the result would exceed any of the limits specified in Article V, Section 7 (*c*), the Fund shall require such repurchases to be made by the members proportionately in such manner that the limits will not be exceeded.

2. The Fund shall not acquire the currency of any non-member under Article V, Section 7 (*b*) and (*c*).

3. In calculating monetary reserves and the increase in monetary reserves during any year for the purpose of Article V, Section 7 (*b*) and (*c*), no account shall be taken, unless deductions have otherwise been made by the member for such holdings, of any increase in those monetary reserves which is due to currency previously inconvertible having become convertible during the year; or to holdings which are the proceeds of a long-term or medium-term loan contracted during the year; or to holdings which have been transferred or set aside for repayment of a loan during the subsequent year.

4. In the case of members whose metropolitan territories have been occupied by the enemy, gold newly produced during the five years after the entry into force of this Agreement from mines located within their metropolitan territories shall not be included in computations of their monetary reserves or of increases in their monetary reserves.

Schedule C. Election of Executive Directors

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article XII, Section 3 (*b*) (iii) and (iv).

2. In balloting for the five directors to be elected under Article XII, Section 3 (*b*) (iii), each of the governors eligible to vote shall cast for one person all of the votes to which he is entitled under Article XII, Section 5 (*a*). The five persons receiving the greatest number of votes shall be directors, provided that no person who received less than nineteen percent of the total number of votes that can be cast (eligible votes) shall be considered elected.

3. When five persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (*a*) those governors who voted in the first ballot for a person not elected, and (*b*) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above twenty percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above twenty percent of the eligible votes the twenty percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until twenty percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above nineteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed twenty percent.

6. If, after the second ballot, five persons have not been elected, further ballots shall be held on the same principles until five persons have been elected, provided that after four persons are elected, the fifth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7. The directors to be elected by the American Republics under Article XII, Section 3 (*b*) (iv) shall be elected as follows:

(*a*) Each of the directors shall be elected separately.

(*b*) In the election of the first director, each governor representing an American Republic eligible to participate in the elec-

tion shall cast for one person all the votes to which he is entitled. The person receiving the largest number of votes shall be elected provided that he has received not less than forty-five percent of the total votes.

(*c*) If no person is elected on the first ballot, further ballots shall be held, in each of which the person receiving the lowest number of votes shall be eliminated, until one person receives a number of votes sufficient for election under (*b*) above.

(*d*) Governors whose votes contributed to the election of the first director shall take no part in the election of the second director.

(*e*) Persons who did not succeed in the first election shall not be ineligible for election as the second director.

(*f*) A majority of the votes which can be cast shall be required for election of the second director. If at the first ballot no person receives a majority, further ballots shall be held in each of which the person receiving the lowest number of votes shall be eliminated, until some person obtains a majority.

(*g*) The second director shall be deemed to have been elected by all the votes which could have been cast in the ballot securing his election.

Schedule D. Settlement of Accounts With Members Withdrawing

1. The Fund shall be obligated to pay to a member withdrawing an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund, including charges accruing after the date of its withdrawal; but no payment shall be made until six months after the date of withdrawal. Payments shall be made in the currency of the withdrawing member.

2. If the Fund's holdings of the currency of the withdrawing member are not sufficient to pay the net amount due from the Fund, the balance shall be paid in gold, or in such other manner as may be agreed. If the Fund and the withdrawing member do not reach agreement within six months of the date of withdrawal, the currency in question held by the Fund shall be paid forthwith to the withdrawing member. Any balance due shall be paid in ten half-yearly installments during the ensuing five years. Each such installment shall be paid, at the option of the Fund, either in the currency of the withdrawing member acquired after its withdrawal or by the delivery of gold.

3. If the Fund fails to meet any installment which is due in accordance with the preceding paragraphs, the withdrawing member shall be entitled to require the Fund to pay the installment in any currency held by the Fund with the exception of any currency which has been declared scarce under Article VII, Section 3.

4. If the Fund's holdings of the currency of a withdrawing member exceed the amount due to it, and if agreement on the method of settling accounts is not reached within six months of the date of withdrawal, the former member shall be obligated to redeem such excess currency in gold or, at its option, in the currencies of members which at the time of redemption are convertible. Redemption shall be made

at the parity existing at the time of withdrawal from the Fund. The withdrawing member shall complete redemption within five years of the date of withdrawal, or within such longer period as may be fixed by the Fund, but shall not be required to redeem in any half-yearly period more than one-tenth of the Fund's excess holdings of its currency at the date of withdrawal plus further acquisitions of the currency during such half-yearly period. If the withdrawing member does not fulfill this obligation, the Fund may in an orderly manner liquidate in any market the amount of currency which should have been redeemed.

5. Any member desiring to obtain the currency of a member which has withdrawn shall acquire it by purchase from the Fund, to the extent that such member has access to the resources of the Fund and that such currency is available under 4 above.

6. The withdrawing member guarantees the unrestricted use at all times of the currency disposed of under 4 and 5 above for the purchase of goods or for payment of sums due to it or to persons within its territories. It shall compensate the Fund for any loss resulting from the difference between the par value of its currency on the date of withdrawal and the value realized by the Fund on disposal under 4 and 5 above.

7. In the event of the Fund going into liquidation under Article XVI, Section 2, within six months of the date on which the member withdraws, the account between the Fund and that government shall be settled in accordance with Article XVI, Section 2, and Schedule E.

Schedule E. Administration of Liquidation

1. In the event of liquidation the liabilities of the Fund other than the repayment of subscriptions shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its assets in the following order:

(*a*) the currency in which the liability is payable;
(*b*) gold;
(*c*) all other currencies in proportion, so far as may be practicable, to the quotas of the members.

2. After the discharge of the Fund's liabilities in accordance with 1 above, the balance of the Fund's assets shall be distributed and apportioned as follows:

(*a*) The Fund shall distribute its holdings of gold among the members whose currencies are held by the Fund in amounts less than their quotas. These members shall share the gold so distributed in the proportions of the amounts by which their quotas exceed the Fund's holdings of their currencies.

(*b*) The Fund shall distribute to each member one-half the Fund's holdings of its currency but such distribution shall not exceed fifty percent of its quota.

(*c*) The Fund shall apportion the remainder of its holdings of each currency among all the members in proportion to the amounts due to each member after the distributions under (*a*) and (*b*) above.

3. Each member shall redeem the holdings of its currency apportioned to other members under 2 (*c*) above, and shall agree with the Fund within three months after a decision to liquidate upon an orderly procedure for such redemption.

4. If a member has not reached agreement with the Fund within the three-month period referred to in 3 above, the Fund shall use the currencies of other members apportioned to that member under 2 (*c*) above to redeem the currency of that member apportioned to other members. Each currency apportioned to a member which has not reached agreement shall be used, so far as possible, to redeem its currency apportioned to the members which have made agreements with the Fund under 3 above.

5. If a member has reached agreement with the Fund in accordance with 3 above, the Fund shall use the currencies of other members apportioned to that member under 2 (*c*) above to redeem the currency of that member apportioned to other members which have made agreements with the Fund under 3 above. Each amount so redeemed shall be redeemed in the currency of the member to which it was apportioned.

6. After carrying out the preceding paragraphs, the Fund shall pay to each member the remaining currencies held for its account.

7. Each member whose currency has been distributed to other members under 6 above shall redeem such currency in gold or, at its option, in the currency of the member requesting redemption, or in such other manner as may be agreed between them. If the members involved do not otherwise agree, the member obligated to redeem shall complete redemption within five years of the date of distribution, but shall not be required to redeem in any half-yearly period more than one-tenth of the amount distributed to each other member. If the member does not fulfill this obligation, the amount of currency which should have been redeemed may be liquidated in an orderly manner in any market.

8. Each member whose currency has been distributed to other members under 6 above guarantees the unrestricted use of such currency at all times for the purchase of goods or for payment of sums due to it or to persons in its territories. Each member so obligated agrees to compensate other members for any loss resulting from the difference between the par value of its currency on the date of the decision to liquidate the Fund and the value realized by such members on disposal of its currency.

International Finance Corporation Act, Public Law 350, 84th Congress (S. 1894), 69 Stat. 669, approved August 11, 1955

AN ACT To provide for the participation of the United States in the International Finance Corporation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Finance Corporation Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Finance Corporation (hereinafter referred to as the Corporation), provided for by the Articles of Agreement of the Corporation deposited in the archives of the International Bank for Reconstruction and Development.

GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The governor and executive director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286a), shall serve as governor, director and alternates, respectively, of the Corporation.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Corporation to the same extent as with respect to the International Bank for Reconstruction and Development. Reports with respect to the Corporation under paragraphs 5 and 6 of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Corporation and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Corporation; (b) accept any amendment under article VII of the Articles of Agreement of

the Corporation; (c) make any loan to the Corporation. Unless Congress by law authorizes such action, no governor or alternate representing the United States shall vote for an increase of capital stock of the Corporation under article II, section 2 (c) (ii), of the Articles of Agreement of the Corporation.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Corporation shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) The Secretary of the Treasury is authorized to pay the subscription of the United States to the Corporation and for this purpose is authorized to use as a public-debt transaction not to exceed $35,168,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Corporation and any repayment thereof shall be treated as public-debt transactions of the United States.

(b) Any payment of dividends made to the United States by the Corporation shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Corporation in accordance with the Articles of Agreement of the Corporation, the Corporation shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Corporation is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 9. The provisions of article V, section 5 (d), and article VI, sections 2 to 9, both inclusive, of the Articles of Agreement of the Corporation shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Corporation.

Approved August 11, 1955.

International Finance Corporation

Text of Articles of Agreement

The governments on whose behalf this Agreement is signed agree as follows:

Introductory Article

The International Finance Corporation (hereinafter called the Corporation) is established and shall operate in accordance with the following provisions:

Article I. Purpose

The purpose of the Corporation is to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas, thus supplementing the activities of the International Bank for Reconstruction and Development (hereinafter called the Bank). In carrying out this purpose, the Corporation shall—

(i) in association with private investors, assist in financing the establishment, improvement and expansion of productive private enterprises which would contribute to the development of its member countries by making investments, without guarantee of repayment by the member government concerned, in cases where sufficient private capital is not available on reasonable terms;

(ii) seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and

(iii) seek to stimulate, and to help create conditions conducive to, the flow of private capital, domestic and foreign, into productive investment in member countries.

The Corporation shall be guided in all its decisions by the provisions of this Article.

Article II. Membership and Capital

Section 1. *Membership*

(a) The original members of the Corporation shall be those members of the Bank listed in Schedule A hereto which shall, on or before the date specified in Article IX, Section 2 (c), accept membership in the Corporation.

(b) Membership shall be open to other members of the Bank at such times and in accordance with such terms as may be prescribed by the Corporation.

Sec. 2. *Capital Stock*

(a) The authorized capital stock of the Corporation shall be $100,000,000, in terms of United States dollars.

(b) The authorized capital stock shall be divided into 100,000 shares having a par value of one thousand United States dollars each. Any such shares not initially subscribed by original members shall be available for subsequent subscription in accordance with Section 3 (d) of this Article.

(c) The amount of capital stock at any time authorized may be increased by the Board of Governors as follows:

(i) by a majority of the votes cast, in case such increase is necessary for the purpose of issuing shares of capital stock on initial subscription by members other than original members, provided that the aggregate of any increases authorized pursuant to this subparagraph shall not exceed 10,000 shares;

(ii) in any other case, by a three-fourths majority of the total voting power.

(d) In case of an increase authorized pursuant to paragraph (c) (ii) above, each member shall have a reasonable opportunity to subscribe, under such conditions as the Corporation 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 Corporation, but no member shall be obligated to subscribe to any part of the increased capital.

(e) Issuance of shares of stock, other than those subscribed either on initial subscription or pursuant to paragraph (d) above, shall require a three-fourths majority of the total voting power.

(f) Shares of stock of the Corporation shall be available for subscription only by, and shall be issued only to, members.

SEC. 3. *Subscriptions*

(a) Each original member shall subscribe to the number of shares of stock set forth opposite its name in Schedule A. The number of shares of stock to be subscribed by other members shall be determined by the Corporation.

(b) Shares of stock initially subscribed by original members shall be issued at par.

(c) The initial subscription of each original member shall be payable in full within 30 days after either the date on which the Corporation shall begin operations pursuant to Article IX, Section 3 (b), or the date on which such original member becomes a member, whichever shall be later, or at such date thereafter as the Corporation shall determine. Payment shall be made in gold or United States dollars in response to a call by the Corporation which shall specify the place or places of payment.

(d) The price and other terms of subscription of shares of stock to be subscribed, otherwise than on initial subscription by original members, shall be determined by the Corporation.

SEC. 4. *Limitation on Liability*

No member shall be liable, by reason of its membership, for obligations of the Corporation.

SEC. 5. *Restriction on Transfers and Pledges of Shares*

Shares of stock shall not be pledged or encumbered in any manner whatever, and shall be transferable only to the Corporation.

Article III. Operations

Section 1. *Financing Operations*

The Corporation may make investments of its funds in productive private enterprises in the territories of its members. The existence of a government or other public interest in such an enterprise shall not necessarily preclude the Corporation from making an investment therein.

Sec. 2. *Forms of Financing*

(a) The Corporation's financing shall not take the form of investments in capital stock. Subject to the foregoing, the Corporation may make investments of its funds in such form or forms as it may deem appropriate in the circumstances, including (but without limitation) investments according to the holder thereof the right to participate in earnings and the right to subscribe to, or to convert the investment into, capital stock.

(b) The Corporation shall not itself exercise any right to subscribe to, or to convert any investment into, capital stock.

Sec. 3. *Operational Principles*

The operations of the Corporation shall be conducted in accordance with the following principles:

(i) the Corporation shall not undertake any financing for which in its opinion sufficient private capital could be obtained on reasonable terms;

(ii) the Corporation shall not finance an enterprise in the territories of any member if the member objects to such financing;

(iii) the Corporation shall impose no conditions that the proceeds of any financing by it shall be spent in the territories of any particular country;

(iv) the Corporation shall not assume responsibility for managing any enterprise in which it has invested;

(v) the Corporation shall undertake its financing on terms and conditions which it considers appropriate, taking into account the requirements of the enterprise, the risks being undertaken by the Corporation and the terms and conditions normally obtained by private investors for similar financing;

(vi) the Corporation shall seek to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms;

(vii) the Corporation shall seek to maintain a reasonable diversification in its investments.

Sec. 4. *Protection of Interests*

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

Sec. 5. *Applicability of Certain Foreign Exchange Restrictions*

Funds received by or payable to the Corporation in respect of an investment of the Corporation made in any member's territories pur-

suant to Section 1 of this Article 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.

SEC. 6. *Miscellaneous Operations*

In addition to the operations specified elsewhere in this Agreement, the Corporation shall have the power to—

(i) borrow funds, and in that connection to furnish such collateral or other security therefor as it shall determine; provided, however, that before making a public sale of its obligations in the markets of a member, the Corporation shall have obtained the approval of that member and of the member in whose currency the obligations are to be denominated;

(ii) invest funds not needed in its financing operations in such obligations as it may determine and invest funds held by it for pension or similar purposes in any marketable securities, all without being subject to the restrictions imposed by other sections of this Article;

(iii) guarantee securities in which it has invested in order to facilitate their sale;

(iv) buy and sell securities it has issued or guaranteed or in which it has invested;

(v) exercise such other powers incidental to its business as shall be necessary or desirable in furtherance of its purposes.

SEC. 7. *Valuation of Currencies*

Whenever it shall become necessary under this Agreement to value any currency in terms of the value of another currency, such valuation shall be as reasonably determined by the Corporation after consultation with the International Monetary Fund.

SEC. 8. *Warning To Be Placed on Securities*

Every security issued or guaranteed by the Corporation shall bear on its face a conspicuous statement to the effect that it is not an obligation of the Bank or, unless expressly stated on the security, of any government.

SEC. 9. *Political Activity Prohibited*

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 their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

ARTICLE IV. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Corporation*

The Corporation shall have a Board of Governors, a Board of Directors, a Chairman of the Board of Directors, a President and such other officers and staff to perform such duties as the Corporation may determine.

SEC. 2. *Board of Governors*

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

(b) Each governor and alternate governor of the Bank appointed by a member of the Bank which is also a member of the Corporation shall *ex officio* be a governor or alternate governor, 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. Any governor or alternate governor shall cease to hold office if the member by which he was appointed shall cease to be a member of the Corporation.

(c) The Board of Governors may delegate to the Board of Directors authority to exercise any of its powers, 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) decide appeals from interpretations of this Agreement given by the Board of Directors;

(v) make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) decide to suspend permanently the operations of the Corporation and to distribute its assets;

(vii) declare dividends;

(viii) amend this Agreement.

(d) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors.

(e) The annual meeting of the Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.

(f) A quorum for any meeting of the Board of Governors shall be a majority of the governors, exercising not less than two-thirds of the total voting power.

(g) The Corporation may by regulation establish a procedure whereby the Board of Directors may obtain a vote of the governors on a specific question without calling a meeting of the Board of Governors.

(h) The Board of Governors, and the Board of Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Corporation.

(i) Governors and alternate governors shall serve as such without compensation from the Corporation.

SEC. 3. *Voting*

(a) Each member shall have two hundred and fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise expressly provided, all matters before the Corporation shall be decided by a majority of the votes cast.

SEC. 4. *Board of Directors*

(a) The Board of Directors shall be responsible for the conduct of the general operations of the Corporation, and for this purpose shall

exercise all the powers given to it by this Agreement or delegated to it by the Board of Governors.

(b) The Board of Directors of the Corporation shall be composed *ex officio* of each Executive Director of the Bank who shall have been either (i) appointed by a member of the Bank which is also a member of the Corporation, or (ii) elected in an election in which the votes of at least one member of the Bank which is also a member of the Corporation shall have counted toward his election. The alternate to each such Executive Director of the Bank shall *ex officio* be an alternate director of the Corporation. Any director shall cease to hold office if the member by which he was appointed, or if all the members whose votes counted toward his election, shall cease to be members of the Corporation.

(c) Each director who is an appointed Executive Director of the Bank shall be entitled to cast the number of votes which the member by which he was so appointed is entitled to cast in the Corporation. Each director who is an elected Executive Director of the Bank shall be entitled to cast the number of votes which the member or members of the Corporation whose votes counted toward his election in the Bank are entitled to cast in the Corporation. All the votes which a director is entitled to cast shall be cast as a unit.

(d) An alternate director shall have full power to act in the absence of the director who shall have appointed him. When a director is present his alternate may participate in meetings but shall not vote.

(e) A quorum for any meeting of the Board of Directors shall be a majority of the directors exercising not less than one-half of the total voting power.

(f) The Board of Directors shall meet as often as the business of the Corporation may require.

(g) The Board of Governors shall adopt regulations under which a member of the Corporation not entitled to appoint an Executive Director of the Bank may send a representative to attend any meeting of the Board of Directors of the Corporation when a request made by, or a matter particularly affecting, that member is under consideration.

SEC. 5. *Chairman, President and Staff*

(a) The President of the Bank shall be *ex officio* Chairman of the Board of Directors of the Corporation, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors but shall not vote at such meetings.

(b) The President of the Corporation shall be appointed by the Board of Directors on the recommendation of the Chairman. The President shall be chief of the operating staff of the Corporation. Under the direction of the Board of Directors and the general supervision of the Chairman, he shall conduct the ordinary business of the Corporation and under their general control shall be responsible for the organization, appointment and dismissal of the officers and staff. The President may participate in meetings of the Board of Directors but shall not vote at such meetings. The President shall cease to hold

office by decision of the Board of Directors in which the Chairman concurs.

(c) The President, officers and staff of the Corporation, in the discharge of their offices, owe their duty entirely to the Corporation and to no other authority. Each member of the Corporation shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) Subject to the paramount importance of securing the highest standards of efficiency and of technical competence, due regard shall be paid, in appointing the officers and staff of the Corporation, to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 6. *Relationship to the Bank*

(a) The Corporation shall be an entity separate and distinct from the Bank and the funds of the Corporation shall be kept separate and apart from those of the Bank. The Corporation shall not lend to or borrow from the Bank. The provisions of this section shall not prevent the Corporation from making arrangements with the Bank regarding facilities, personnel and services and arrangements for reimbursement of administrative expenses paid in the first instance by either organization on behalf of the other.

(b) 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.

SEC. 7. *Relations With Other International Organizations*

The Corporation, acting through the Bank, shall enter into formal arrangements with the United Nations and may enter into such arrangements with other public international organizations having specialized responsibilities in related fields.

SEC. 8. *Location of Offices*

The principal office of the Corporation shall be in the same locality as the principal office of the Bank. The Corporation may establish other offices in the territories of any member.

SEC. 9. *Depositories*

Each member shall designate its central bank as a depository in which the Corporation may keep holdings of such member's currency or other assets of the Corporation or, if it has no central bank, it shall designate for such purpose such other institution as may be acceptable to the Corporation.

SEC. 10. *Channel of Communication*

Each member shall designate an appropriate authority with which the Corporation may communicate in connection with any matter arising under this Agreement.

SEC. 11. *Publication of Reports and Provision of Information*

(a) The Corporation shall publish an annual report containing an audited statement of its accounts and shall circulate to members at appropriate intervals a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Corporation may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

SEC. 12. *Dividends*

(a) The Board of Governors may determine from time to time what part of the Corporation's net income and surplus, after making appropriate provision for reserves, shall be distributed as dividends.

(b) Dividends shall be distributed *pro rata* in proportion to capital stock held by members.

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

ARTICLE V. WITHDRAWAL; SUSPENSION OF MEMBERSHIP; SUSPENSION OF OPERATIONS

SECTION 1. *Withdrawal by Members*

Any member may withdraw from membership in the Corporation at any time by transmitting a notice in writing to the Corporation at its principal office. Withdrawal shall become effective upon the date such notice is received.

SEC. 2. *Suspension of Membership*

(a) If a member fails to fulfill any of its obligations to the Corporation, the Corporation may suspend its membership by decision of a majority of the governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

(b) 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 obligations.

SEC. 3. *Suspension or Cessation of Membership in the Bank*

Any member which is suspended from membership in, or ceases to of a majority of the governors, exercising a majority of the total votbership in, or cease to be a member of, the Corporation, as the case may be.

SEC. 4. *Rights and Duties of Governments Ceasing To Be Members*

(a) When a government ceases to be a member it shall remain liable for all amounts due from it to the Corporation. The Corporation shall arrange for the repurchase of such government's capital stock as a part of the settlement of accounts with it in accordance with the provisions of this section, but the government shall have no other rights under this Agreement except as provided in this section and in Article VIII (c).

(b) The Corporation and the government may agree on the repurchase of the capital stock of the government on such terms as may be appropriate under the circumstances, without regard to the provisions of paragraph (c) below. Such agreement may provide, among other things, for a final settlement of all obligations of the government to the Corporation.

(c) If such agreement shall not have been made within six months after the government ceases to be a member or such other time as the

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Corporation and such government may agree, the repurchase price of the government's capital stock shall be the value thereof shown by the books of the Corporation on the day when the government ceases to be a member. The repurchase of the capital stock shall be subject to the following conditions:

(i) payments for shares of stock may be made from time to time, upon their surrender by the government, in such instalments, at such times and in such available currency or currencies as the Corporation reasonably determines, taking into account the financial position of the Corporation;

(ii) any amount due to the government for its capital stock shall be withheld so long as the government or any of its agencies remains liable to the Corporation for payment of any amount and such amount may, at the option of the Corporation, be set off, as it becomes payable, against the amount due from the Corporation;

(iii) if the Corporation sustains a net loss on the investments made pursuant to Article III, Section 1, and held by it on the date when the government ceases to be a member, and the amount of such loss exceeds the amount of the reserves provided therefor on such date, such government shall repay on demand the amount by which the repurchase price of its shares of stock would have been reduced if such loss had been taken into account when the repurchase price was determined.

(d) In no event shall any amount due to a government for its capital stock under this section be paid until six months after the date upon which the government ceases to be a member. If within six months of the date upon which any government ceases to be a member the Corporation suspends operations under Section 5 of this Article, all rights of such government shall be determined by the provisions of such Section 5 and such government shall be considered still a member of the Corporation for purposes of such Section 5, except that it shall have no voting rights.

SEC. 5. *Suspension of Operations and Settlement of Obligations*

(a) The Corporation may permanently suspend its operations by vote of a majority of the governors exercising a majority of the total voting power. After such suspension of operations the Corporation shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations. 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 Agreement shall continue unimpaired, except that no member shall be suspended or withdraw and that no distribution shall be made to members except as in this section provided.

(b) No distribution shall be made to members on account of their subscriptions to the capital stock of the Corporation until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors, by vote of a majority of the governors exercising a majority of the total voting power, shall have decided to make such distribution.

(c) Subject to the foregoing, the Corporation shall distribute the assets of the Corporation to members *pro rata* in proportion to capital stock held by them, subject, in the case of any member, to prior settlement of all outstanding claims by the Corporation against such member. Such distribution shall be made at such times, in such currencies, and in cash or other assets as the Corporation shall deem fair and equitable. The shares distributed to the several members need not necessarily be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.

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

Article VI. Status, Immunities and Privileges

Section 1. *Purposes of Article*

To enable the Corporation to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Corporation in the territories of each member.

Sec. 2. *Status of the Corporation*

The Corporation shall possess full juridical personality and, in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Sec. 3. *Position of the Corporation With Regard to Judicial Process*

Actions may be brought against the Corporation only in a court of competent jurisdiction in the territories of a member 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 actions shall, however, be brought by members or persons acting for or deriving claims from members. The 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.

Sec. 4. *Immunity of Assets From Seizure*

Property and assets of the Corporation, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Sec. 5. *Immunity of Archives*

The archives of the Corporation shall be inviolable.

Sec. 6. *Freedom of Assets From Restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of Article III, Section 5, and the other provisions of this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature.

SEC. 7. *Privilege for Communications*

The official communications of the Corporation shall be accorded by each member the same treatment that it accords to the official communications of other members.

SEC. 8. *Immunities and Privileges of Officers and Employees*

All governors, directors, alternates, officers and employees of the Corporation—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities From Taxation*

(a) The Corporation, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Corporation shall also be immune from liability for the collection or payment of any tax or duty.

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

(c) No taxation 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 taxation 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.

SEC. 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Corporation of the detailed action which it has taken.

SEC. 11. *Waiver*

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

ARTICLE VII. AMENDMENTS

(a) This Agreement may be amended by vote of three-fifths of the governors exercising four-fifths of the total voting power.

(b) Notwithstanding paragraph (a) above, the affirmative vote of all governors is required in the case of any amendment modifying—

(i) the right to withdraw from the Corporation provided in Article V, Section 1;

(ii) the preemptive right secured by Article II, Section 2 (d);

(iii) the limitation on liability provided in Article II, Section 4.

(c) Any proposal to amend this Agreement, whether emanating from a member, a governor or the Board of 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 duly adopted, the Corporation shall so certify by formal communication addressed to all members. Amendments shall enter into force for all members three months after the date of the formal communication unless the Board of Governors shall specify a shorter period.

ARTICLE VIII. INTERPRETATION AND ARBITRATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Corporation or between any members of the Corporation shall be submitted to the Board of Directors for its decision. If the question particularly affects any member of the Corporation not entitled to appoint an Executive Director of the Bank, it shall be entitled to representation in accordance with Article IV, Section 4 (g).

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

(c) Whenever a disagreement arises between the Corporation and a country which has ceased to be a member, or between the Corporation and any member during the permanent suspension of the Corporation, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Corporation, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the International Court of Justice or such other authority as may have been prescribed by regulation adopted by the Corporation. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article IX. Final Provisions

Section 1. *Entry Into Force*

This Agreement shall enter into force when it has been signed on behalf of not less than 30 governments whose subscriptions comprise not less than 75 percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before October 1, 1955.

Sec. 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Bank an instrument setting forth that it has accepted this Agreement without reservation in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Corporation as from the date of the deposit on its behalf of the instrument referred to in paragraph (a) above except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) This Agreement shall remain open for signature until the close of business on December 31, 1956, at the principal office of the Bank on behalf of the governments of the countries whose names are set forth in Schedule A.

(d) After this Agreement shall have entered into force, it shall be open for signature on behalf of the government of any country whose membership has been approved pursuant to Article II, Section 1 (b).

Sec. 3. *Inauguration of the Corporation*

(a) As soon as this Agreement enters into force under Section 1 of this Article the Chairman of the Board of Directors shall call a meeting of the Board of Directors.

(b) The Corporation shall begin operations on the date when such meeting is held.

(c) Pending the first meeting of the Board of Governors, the Board of Directors may exercise all the powers of the Board of Governors except those reserved to the Board of Governors under this Agreement.

Done at Washington, in a single copy which shall remain deposited in the archives of the International Bank for Reconstruction and Development, which has indicated by its signature below its agreement to act as depository of this Agreement and to notify all governments whose names are set forth in Schedule A of the date when this Agreement shall enter into force under Article IX, Section 1 hereof.

SCHEDULE A. SUBSCRIPTIONS TO CAPITAL STOCK OF THE INTERNATIONAL FINANCE CORPORATION

Country	Number of shares	Amount (in United States dollars)
Australia	2,215	2,215,000
Austria	554	554,000
Belgium	2,492	2,492,000
Bolivia	78	78,000
Brazil	1,163	1,163,000
Burma	166	166,000
Canada	3,600	3,600,000
Ceylon	166	166,000
Chile	388	388,000
China	6,646	6,646,000
Colombia	388	388,000
Costa Rica	22	22,000
Cuba	388	388,000
Denmark	753	753,000
Dominican Republic	22	22,000
Ecuador	35	35,000
Egypt	590	590,000
El Salvador	11	11,000
Ethiopia	33	33,000
Finland	421	421,000
France	5,815	5,815,000
Germany	3,655	3,655,000
Greece	277	277,000
Guatemala	22	22,000
Haiti	22	22,000
Honduras	11	11,000
Iceland	11	11,000
India	4,431	4,431,000
Indonesia	1,218	1,218,000
Iran	372	372,000
Iraq	67	67,000
Israel	50	50,000
Italy	1,994	1,994,000
Japan	2,769	2,769,000
Jordan	33	33,000
Lebanon	50	50,000
Luxembourg	111	111,000
Mexico	720	720,000
Netherlands	3,046	3,046,000
Nicaragua	9	9,000
Norway	554	554,000
Pakistan	1,108	1,108,000
Panama	2	2,000
Paraguay	16	16,000
Peru	194	194,000
Philippines	166	166,000
Sweden	1,108	1,108,000
Syria	72	72,000
Thailand	139	139,000
Turkey	476	476,000
Union of South Africa	1,108	1,108,000
United Kingdom	14,400	14,400,000
United States	35,168	35,168,000
Uruguay	116	116,000
Venezuela	116	116,000
Yugoslavia	443	443,000
Total	100,000	100,000,000

Inter-American Development Bank Act, Public Law 86–147, 86th Congress (S. 1928), 73 Stat. 299, approved August 7, 1959

AN ACT To provide for the participation of the United States in the Inter-American Development Bank.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Inter-American Development Bank Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the Inter-American Development Bank (hereinafter referred to as the Bank), provided for by the agreement establishing the bank (hereinafter referred to as the agreement) deposited in the archives of the Organization of American States.

GOVERNOR, ALTERNATE GOVERNOR, AND EXECUTIVE DIRECTOR

SEC. 3. (a) The President, by and with the advice and consent of the Senate, shall appoint a Governor of the Bank and an alternate for the governor. The term of office for the governor and the alternate governor shall be five years, but each shall remain in office until a successor has been appointed.

(b) The President, by and with the advice and consent of the Senate, shall appoint an Executive Director of the Bank. Except as provided for in article XV, section 3, of the agreement, the term of office for the Executive Director shall be three years, but he shall remain in office until a successor has been appointed.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, alternate governor, or Executive Director.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Bank to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Bank under paragraphs (5) and (6) of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Bank and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States, (a) subscribe to additional shares of stock under article II, section 3 of the agreement; (b) request or consent to any change in the quota of the United States under article IV, section 3, of the agreement; (c) accept any amendment under article XII of the agreement; or (d) make a loan or provide other financing to the Bank, except that loans or other financing may be provided to the Bank by a United States agency created pursuant to an Act of Congress which is authorized by law to make loans or provide other financing to international organizations. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for any increase of capital stock of the Bank under article II, section 2, of the agreement or any increase in the resources of the Fund for Special Operations under article IV, section 3 (g) thereof.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Bank shall act as its depository or as its fiscal agent and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTION

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the purchase of thirty-five thousand shares of capital stock in the Bank, $350 million. In addition, there is hereby authorized to be appropriated, without fiscal year limitation, for payment of the subscription of the United States to the Fund for Special Operations, $100 million.

(b) For the purpose of keeping to a minimum the cost to the United States of participation in the Bank, the Secretary of the Treasury, after paying the requisite part of the subscription and quota of the United States in the Bank required to be made under article II, section 4, and article IV, section 3, respectively, of the agreement, is authorized and directed to issue special notes of the United States from time to time, at par, and to deliver such notes to the Bank in exchange for dollars to the extent permitted by the agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be nonnegotiable, and shall be payable on demand of the Bank. The face amount of special notes issued to the Bank under the authority of this subsection and outstanding at any one time shall not exceed, in the aggregate, the amount of the subscription and quota of the United States actually paid to the Bank under article II, section 4, and article IV, section 3, respectively, of the agreement.

(c) Any payment made to the United States by the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States, its Territories or possessions, or the Commonwealth of Puerto Rico by or against the Bank in accordance with the agreement, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Bank is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 9. The provisions of article X, section 4 (c), and article XI, sections 2 to 9, both inclusive, of the agreement shall have full force and effect in the United States, its Territories and possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Bank.

SECURITIES ISSUED BY BANK AS INVESTMENT SECURITIES FOR NATIONAL BANKS

SEC. 10. The last sentence of paragraph seven of section 5136 of the Revised Statutes, as amended (12 U. S. C. 24), is amended by inserting after the words "International Bank for Reconstruction and Development" the words "or the Inter-American Development Bank" and by striking the words "said Bank" and inserting in lieu thereof "either of said Banks".

SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORT FILED WITH SECURITIES AND EXCHANGE COMMISSION

SEC. 11. (a) Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection with raising of funds for including in the Bank's ordinary capital resources as defined in article II, section 5, of the agreement, and any securities guaranteed by the Bank as to both principal and interest to which the commitment in article II, section 4 (a) (ii), of the agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of paragraph (a) (2) of section 3 of the Act of May 27, 1933, as amended (15 U. S. C. 77c), and paragraph (a) (12) of section 3 of the Act of June 6, 1934, as amended (15 U. S. C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as

the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(b) The Securities and Exchange Commission, acting in consultation with the National Advisory Council on International Monetary and Financial Problems, is authorized to suspend the provisions of subsection (a) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this section and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission.

CERTAIN REPORTS REQUIRED

SEC. 12. The reports of the National Advisory Council on International Monetary and Financial Problems provided for in section 4 (b) (6) of the Bretton Woods Agreements Act (and referred to in section 4 of this Act) shall also cover and include the effectiveness of the provisions of section 11 of this Act and the exemption for securities issued by the Bank provided by section 5136 of the Revised Statutes in facilitating the operations of the Bank and the development of the economic resources of member countries of the Bank and the recommendations of the Council as to any modifications it may deem desirable in the provisions of this Act.

ARTICLES OF AGREEMENT ESTABLISHING THE INTER-AMERICAN DEVELOPMENT BANK

The countries on whose behalf this Agreement is signed agree to create the Inter-American Development Bank, which shall operate in accordance with the following provisions:

Article I. Purpose and Functions

Section 1. *Purpose*

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.

Sec. 2. *Functions*

(a) To implement its purpose, the Bank shall have the following functions:

(i) to promote the investment of public and private capital for development purposes;

(ii) to utilize 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 cooperate with the member countries to orient their development policies toward a better utilization 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 cooperate 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. *Membership*

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

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

SEC. 2. *Authorized Capital*

(a) The authorized capital stock of the Bank, together with the initial resources of the Fund for Special Operations established in Article IV (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) shall constitute the authorized capital stock of the Bank and shall be divided into 85,000 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 authorized capital stock shall be divided into paid-in shares and callable shares. The equivalent of four hundred million dollars ($400,000,000) shall be paid in, and four hundred and fifty million dollars ($450,000,000) 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 4 of this article shall have passed; and

(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.

(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 paragraphs (c) and (d) of this section, the authorized 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.

SEC. 3. *Subscription of Shares*

(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.

(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.

SEC. 4. *Payment of Subscriptions*

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

(i) Payment of the amount subscribed by each country to the paid-in capital stock of the Bank shall be made in three installments, the first of which shall be 20 percent, and the second and third each 40 percent, of such amount. The first installment 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 XV, Section 1, but not later than September 30, 1960. The remaining two installments 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 installment, 50 percent shall be paid in gold and/or dollars and 50 percent 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 III, 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 installments of the paid-in portion of their subscriptions to the capital stock shall be conditional upon payment of not less than 90 percent of the total obligations of the members due for—

(i) the first and second installments, 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.

SEC. 5. *Ordinary Capital Resources*

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

(i) authorized capital, including both paid-in and callable shares, subscribed pursuant to Sections 2 and 3 of this article;

(ii) all funds raised by borrowings under the authority of Article VII, 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 (i) 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.

ARTICLE III. OPERATIONS

SECTION 1. *Use of Resources*

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

SEC. 2. *Ordinary and Special Operations*

(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 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 resources of the Fund in accordance with the provisions of Article IV.

SEC. 3. *Basic Principle of Separation*

(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 IV, Section 3 (h).

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.

SEC. 4. *Methods of Making or Guaranteeing Loans*

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:

(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.

SEC. 5. *Limitations on Ordinary Operations*

(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 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.

SEC. 6. *Direct Loan Financing*

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 it 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.

SEC. 7. *Rules and Conditions for Making or Guaranteeing Loans*

(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 the prospects that the borrower and its guarantor, if any, will be in a position to meet their obligations under the loan contract;

(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 specific projects, including those forming part of a national or regional development program. However, the Bank may make or guarantee overall 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.

SEC. 8. *Optional Conditions for Making or Guaranteeing Loans*

(a) In the case of loans or guarantees of loans to nongovernmental 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.

(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.

SEC. 9. *Use of Loans Made or Guaranteed by the Bank*

(a) Except as provided in Article V, 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.

(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.

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SEC. 10. *Payment Provisions for Direct Loans*

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

(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.

SEC. 11. *Guarantees*

(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.

SEC. 12. *Special Commission*

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.

SEC. 13. *Special Reserve*

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 wtih Article VII, 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 IV. FUND FOR SPECIAL OPERATIONS

SECTION 1. *Establishment, Purpose, and Functions*

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.

SEC. 2. *Applicable Provisions*

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.

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SEC. 3. *Resources*

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

(c) The Fund shall be established with initial resources in the amount of one hundred and fifty million dollars ($150,000,000) 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 quota 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 XV, Section 1, but not later than September 30, 1960.

(ii) The remaining 50 percent 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 installment 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 power 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 percent of the total obligations of the members for—

(i) the initial payment and all prior calls on such quota subscriptions to the Fund; and

(ii) any installments 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 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;

(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.

SEC. 4. *Operations*

(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.

SEC. 5. *Limitation on Liability*

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.

SEC. 6. *Limitation on Disposition of Quotas*

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.

SEC. 7. *Discharge of Fund Liabilities on Borrowings*

Payments in satisfaction of any liability on borrowings of funds for inclusion in the resources of the Fund shall be charged—

(i) first, against any reserve established for this purpose; and

(ii) then, against any other funds available in the resources of the Fund.

SEC. 8. *Administration*

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

(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 utilize 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.

SEC. 9. *Voting*

(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 VIII, 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 VIII, Section 4 (a) and (c).

(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.

SEC. 10. *Distribution of Net Profits*

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.

SEC. 11. *Withdrawal of Contributions*

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

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

SEC. 12. *Suspension and Termination*

The provisions of Article X 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.

ARTICLE V. CURRENCIES

SECTION 1. *Use of Currencies*

(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 payment for goods and services produced in the territory of such member.

(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 percent portion of each member's subscription to shares of the Bank's capital and of the 50 percent portion of each member's quota for contribution to the Fund, pursuant to the provisions of Article II and Article IV, 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 VII, 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 VII, Section 4 (c) and Article IV, 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 amortization 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 authorized by a two-thirds majority of the total voting power of the member countries.

SEC. 2. *Valuation of Currencies*

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.

SEC. 3. *Maintenance of Value of the Currency Holdings of the Bank*

(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.

SEC. 4. *Methods of Conserving Currencies*

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 percent portion of its subscription to the Bank's authorized capital and the 50 percent portion of its subscription to the resources of the Fund, which, pursuant to the provisions of Article II and Article IV, 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.

ARTICLE VI. TECHNICAL ASSISTANCE

SECTION 1. *Provision of Technical Advice and Assistance*

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—

(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 specializing in the formulation and implementation of development plans and projects.

SEC. 2. *Cooperative Agreements on Technical Assistance*

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

SEC. 3. *Expenses*

(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.

(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 percent, in total, of the initial resources of the Fund may be used to meet such expenses.

Article VII. Miscellaneous Powers and Distribution of Profits

Section 1. *Miscellaneous Powers of the Bank*

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.

Sec. 2. *Warning To Be Placed on Securities*

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.

Sec. 3. *Methods of Meeting Liabilities of the Bank in Case of Defaults*

(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 III, 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 III, 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 amortization 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 long duration, it may call an additional part of such subscriptions not to exceed in any one year one percent 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.

SEC. 4. *Distribution of Net Profits and Surplus*

(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.

(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 VIII. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Bank*

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.

SEC. 2. *Board of Governors*

(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.

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

(i) admit new members and determine the conditions of their admission;

(ii) increase or decrease the authorized 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 IX, 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) authorize the conclusion of general agreements for cooperation with other international organizations;

(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 (b) 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 authorized, 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.

SEC. 3. *Board of Executive Directors*

(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.

(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 reappointed or reelected for successive terms. They shall be persons of recognized 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 organization 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.

SEC. 4. *Voting*

(a) Each member country shall have 135 votes plus one vote for each share of the 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 elected 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.

SEC. 5. *President, Executive Vice President, and Staff*

(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.

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 reelected 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 IV, 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 recognize 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.

SEC. 6. *Publication of Reports and Provision of Information*

(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.

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

Article IX. Withdrawal and Suspension of Members

Section 1. *Right To Withdraw*

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.

Sec. 2. *Suspension of Membership*

If a member fails to fulfill 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.

Sec. 3. *Settlement of Accounts*

(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 XIII, 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 installments, 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 share 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 X, 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.

Article X. Suspension and Termination of Operations

Section 1. *Suspension of Operations*

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.

Sec. 2. *Termination of Operations*

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 realization of its assets and settlement of its obligations.

SEC. 3. *Liability of Members and Payment of Claims*

(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.

SEC. 4. *Distribution of Assets*

(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 XI. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Scope of Article*

To enable the Bank to fulfill 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.

SEC. 2. *Legal Status*

The Bank shall possess juridical personality and, in particular, full capacity—

(a) to contract;

(b) to acquire and dispose of immovable and movable property; and

(c) to institute legal proceedings.

SEC. 3. *Judicial Proceedings*

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.

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 bylaws and regulations of the Bank or in contracts entered into with the Bank.

Property and assets of the Banks 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.

SEC. 4. *Immunity of Assets*

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.

SEC. 5. *Inviolability of Archives*

The archives of the Bank shall be inviolable.

SEC. 6. *Freedom of Assets From Restrictions*

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.

SEC. 7. *Privilege for Communications*

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

SEC. 8. *Personal Immunities and Privileges*

All governors, executive directors, alternates, officers and employees of the Bank 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 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 traveling facilities as are accorded by members to representatives, officials, and employees of comparable rank of other members.

SEC. 9. *Immunities From Taxation*

(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.

SEC. 10. *Implementation*

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 XII. 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—

(i) the right to withdraw from the Bank as provided in Article IX, 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 IV, Section 3 (g), respectively; and

(iii) the limitation on liability as provided in Article II, Section 3 (d) and Article IV, 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 communication unless the Board of Governors shall specify a different period.

ARTICLE XIII. INTERPRETATION AND ARBITRATION

SECTION 1. *Interpretation*

(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.

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

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(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.

SEC. 2. *Arbitration*

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 Organization of American States. If all efforts to reach a unanimous agreement fail, decisions shall be made 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 XIV. GENERAL PROVISIONS

SECTION 1. *Principal Office*

The principal office of the Bank shall be located in Washington, District of Columbia, United States of America.

SEC. 2. *Relations With Other Organizations*

The Bank may enter into arrangements with other organizations with respect to the exchange of information or for other purposes consistent with this Agreement.

SEC. 3. *Channel of Communication*

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

SEC. 4. *Depositories*

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 XV. FINAL PROVISIONS

SECTION 1. *Signature and Acceptance*

(a) This Agreement shall be deposited with the General Secretariat of the Organization 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 Organization 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 fulfill all of its obligations under this Agreement.

(b) The General Secretariat of the Organization of American States shall send certified copies of this Agreement to the members of the Organization 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 Organization of American States, for the purpose of meeting administrative expenses of the Bank, gold or United States dollars equivalent to one-tenth of one percent 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 IV. The General Secretariat of the Organization 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 Organization 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 Organization 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).

SEC. 2. *Entry Into Force*

(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 percent of the total subscriptions set forth in Annex A.

(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.

SEC. 3. *Commencement of Operations*

(a) The Secretary General of the Organization 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.

(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 VIII, Section 3, and for the determination of the date on which the Bank shall commence operations. Notwithstanding the provisions of Article VIII, 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.

DONE at the city of Washington, District of Columbia, United States of America, in a single original, dated April 8, 1959, whose English, French, Portuguese, and Spanish texts are equally authentic.

ANNEX A—SUBSCRIPTIONS TO AUTHORIZED CAPITAL STOCK OF THE BANK

[In shares of U.S.$10,000 each]

Country	Paid-in capital shares	Callable shares	Total subscription
Argentina	5, 157	5, 157	10, 314
Bolivia	414	414	828
Brazil	5, 157	5, 157	10, 314
Chile	1, 416	1, 416	2, 832
Colombia	1, 415	1, 415	2, 830
Costa Rica	207	207	414
Cuba	1, 842	1, 842	3, 684
Dominican Republic	276	276	552
Ecuador	276	276	552
El Salvador	207	207	414
Guatemala	276	276	552
Haiti	207	207	414
Honduras	207	207	414
Mexico	3, 315	3, 315	6, 630
Nicaragua	207	207	414
Panama	207	207	414
Paraguay	207	207	414
Peru	691	691	1, 382
United States of America	15, 000	20, 000	35, 000
Uruguay	553	553	1, 106
Venezuela	2, 763	2, 763	5, 526
Total	40, 000	45, 000	85, 000

ANNEX B—CONTRIBUTION QUOTAS FOR THE FUND FOR SPECIAL OPERATIONS

[In thousands of U.S. dollars]

Country:	*Quota*
Argentina	10, 314
Bolivia	828
Brazil	10, 314
Chile	2, 832
Colombia	2, 830
Costa Rica	414
Cuba	3, 684
Dominican Republic	552
Ecuador	552
El Salvador	414
Guatemala	552
Haiti	414
Honduras	414
Mexico	6, 630
Nicaragua	414
Panama	414
Paraguay	414
Peru	1, 382
United States of America	100, 000
Uruguay	1, 106
Venezuela	5, 526
Total	150, 000

Annex C—Election of Executive Directors

(a) The six executive directors referred to in Article VIII, Section 3 (b) (ii) shall be elected by the governors eligible to vote for that purpose.

(b) Each governor shall cast in favor of a single person all the votes to which the member he represents is entitled under Article VIII, Section 4.

(c) In the first place, as many ballots as are necessary shall be taken until each of four candidates receives a number of votes that represents a percentage not less than the sum of the percentages appertaining to the country with the greatest voting power and to the country with the least voting power. For the purposes of this paragraph, the total voting power of the countries entitled to participate in the voting provided for under this annex shall be counted as 100 percent.

(d) In the second place, governors whose votes have not been cast in favor of any of the directors elected under paragraph (c) of this annex shall elect the other two directors on the basis of one vote for each governor. The two candidates who each receive a greater number of votes than any other candidate, on the same ballot, shall be elected executive directors, and the balloting shall be repeated until this occurs. After the balloting has been completed, each governor who did not vote for either of the candidates elected shall assign his vote to one of them.

The number of votes under Article VIII, Section 4, of each governor who has voted for or assigned his vote to a candidate elected hereunder shall be deemed for the purposes of Article VIII, Section 4 (c) (ii) to have counted toward the election of such candidate.

Articles of Agreement of the International Development Association

(As Approved for Submission to Governments by the Executive Directors of the International Bank for Reconstruction and Development, January 26, 1960)

The Governments on whose behalf this Agreement is signed,

Considering:

That mutual cooperation for constructive economic purposes, healthy development of the world economy and balanced growth of international trade foster international relationships conducive to the maintenance of peace and world prosperity;

That an acceleration of economic development which will promote higher standards of living and economic and social progress in the less-developed countries is desirable not only in the interests of those countries but also in the interests of the international community as a whole;

That achievement of these objectives would be facilitated by an increase in the international flow of capital, public and private, to assist in the development of the resources of the less-developed countries,

do hereby agree as follows:

INTRODUCTORY ARTICLE

The International Development Association (hereinafter called "the Association") is established and shall operate in accordance with the following provisions:

ARTICLE I

Purposes

The purposes of the Association are to promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development (hereinafter called "the Bank") and supplementing its activities.

The Association shall be guided in all its decision by the provisions of this Article.

ARTICLE II

Membership; Initial Subscriptions

SECTION 1. *Membership*

(a) The original members of the Association shall be those members of the Bank listed in Schedule A hereto which, on or before the date specified in Article XI, Section 2(c), accept membership in the Association.

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

SECTION 2. *Initial Subscriptions*

(a) Upon accepting membership, each member shall subscribe funds in the amount assigned to it. Such subscriptions are herein referred to as initial subscriptions.

(b) The initial subscription assigned to each original member shall be in the amount set forth opposite its name in Schedule A, expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960.

(c) Ten percent of the initial subscription of each original member shall be payable in gold or freely convertible currency as follows: fifty percent within thirty days after the date on which the Association shall begin operations pursuant to Article XI, Section 4, or on the date on which the original member becomes a member, whichever shall be later; twelve and one-half percent one year after the beginning of operations of the Association; and twelve and one-half percent each year thereafter at annual intervals until the ten percent portion of the initial subscription shall have been paid in full.

(d) The remaining ninety percent of the initial subscription of each original member shall be payable in gold or freely convertible currency in the case of members listed in Part I of Schedule A, and in the currency of the subscribing member in the case of members listed in Part II of Schedule A. This ninety percent portion of initial subscriptions of original members shall be payable in five equal annual instalments as follows: the first such instalment within thirty days after the date on which the Association shall begin operations pursuant to Article XI, Section 4, or on the date on which the original member becomes a member, whichever shall be later; the second instalment one year after the beginning of operations of the Association, and succeeding instalments each year thereafter at annual intervals until the ninety percent portion of the initial subscription shall have been paid in full.

(e) The Association shall accept from any member, in place of any part of the member's currency paid in or payable by the member under the preceding subsection (d) or under Section 2 of Article IV and not needed by the Association in its operations, notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be nonnegotiable, non-interest-bearing and payable at their par value on demand to the account of the Association in the designated depository.

(f) For the purposes of this Agreement the Association shall regard as "freely convertible currency":

(i) currency of a member which the Association determines, after consultation with the International Monetary Fund, is adequately convertible into the currencies of other members for the purposes of the Association's operations; or

(ii) currency of a member which such member agrees, on terms satisfactory to the Association, to exchange for the currencies of other members for the purposes of the Association's operations.

(g) Except as the Association may otherwise agree, each member listed in Part I of Schedule A shall maintain, in respect of its currency paid in by it as freely convertible currency pursuant to subsection (d) of this Section, the same convertibility as existed at the time of payment.

(h) The conditions on which the initial subscriptions of members other than original members may be made, and the amounts and the terms of payment thereof, shall be determined by the Association pursuant to Section 1(b) of this Article.

SECTION 3. *Limitation on Liability*

No member shall be liable, by reason of its membership, for obligations of the Association.

ARTICLE III

Additions to Resources

SECTION 1. *Additional Subscriptions*

(a) The Association shall at such time as it deems appropriate in the light of the schedule for completion of payments on initial subscriptions of original members, and at intervals of approximately five years thereafter, review the adequacy of its resources and, if it deems desirable, shall authorize a general increase in subscriptions. Notwithstanding the foregoing, general or individual increases in subscriptions may be authorized at any time, provided that an individual increase shall be considered only at the request of the member involved. Subscriptions pursuant to this Section are herein referred to as additional subscriptions.

(b) Subject to the provisions of paragraph (c) below, when additional subscriptions are authorized, the amounts authorized for subscription and the terms and conditions relating thereto shall be as determined by the Association.

(c) When any additional subscription is authorized, each member shall be given an opportunity to subscribe, under such conditions as shall be reasonably determined by the Association, an amount which will enable it to maintain its relative voting power, but no member shall be obligated to subscribe.

(d) All decisions under this Section shall be made by a two-thirds majority of the total voting power.

SECTION 2. *Supplementary Resources Provided by a Member in the Currency of Another Member*

(a) The Association may enter into arrangements, on such terms and conditions consistent with the provisions of this Agreement as may be agreed upon, to receive from any member, in addition to the

amounts payable by such member on account of its initial or any additional subscription, supplementary resources in the currency of another member, provided that the Association shall not enter into any such arrangement unless the Association is satisfied that the member whose currency is involved agrees to the use of such currency as supplementary resources and to the terms and conditions governing such use. The arrangements under which any such resources are received may include provisions regarding the disposition of earnings on the resources and regarding the disposition of the resources in the event that the member providing them ceases to be a member or the Association permanently suspends its operations.

(b) The Association shall deliver to the contributing member a Special Development Certificate setting forth the amount and currency of the resources so contributed and the terms and conditions of the arrangement relating to such resources. A Special Development Certificate shall not carry any voting rights and shall be transferable only to the Association.

(c) Nothing in this Section shall preclude the Association from accepting resources from a member in its own currency on such terms as may be agreed upon.

ARTICLE IV

Currencies

SECTION 1. *Use of Currencies*

(a) Currency of any member listed in Part II of Schedule A, whether or not freely convertible, received by the Association pursuant to Article II, Section 2(d), in payment of the ninety percent portion payable thereunder in the currency of such member, and currency of such member derived therefrom as principal, interest or other charges, may be used by the Association for administrative expenses incurred by the Association in the territories of such member and, insofar as consistent with sound monetary policies, in payment for goods and services produced in the territories of such member and required for projects financed by the Association and located in such territories; and in addition when and to the extent justified by the economic and financial situation of the member concerned as determined by agreement between the member and the Association, such currency shall be freely convertible or otherwise usable for projects financed by the Association and located outside the territories of the member.

(b) The usability of currencies received by the Association in payment of subscriptions other than initial subscriptions of original members, and currencies derived therefrom as principal, interest or other charges, shall be governed by the terms and conditions on which such subscriptions are authorized.

(c) The usability of currencies received by the Association as supplementary resources other than subscriptions, and currencies derived therefrom as principal, interest or other charges, shall be governed by the terms of the arrangements pursuant to which such currencies are received.

(d) All other currencies received by the Association may be freely used and exchanged by the Association and shall not be subject to

any restriction by the member whose currency is used or exchanged; provided that the foregoing shall not preclude the Association from entering into any arrangements with the member in whose territories any project financed by the Association is located restricting the use by the Association of such member's currency received as principal, interest or other charges in connection with such financing.

(e) The Association shall take appropriate steps to ensure that, over reasonable intervals of time, the portions of the subscriptions paid under Article II, Section 2(d) by members listed in Part I of Schedule A shall be used by the Association on an approximately *pro rata* basis, provided, however, that such portions of such subscriptions as are paid in gold or in a currency other than that of the subscribing member may be used more rapidly.

SECTION 2. *Maintenance of Value of Currency Holdings*

(a) Whenever the par value of a member's currency is reduced or the foreign exchange value of a member's currency has, in the opinion of the Association, depreciated to a significant extent within that member's territories, the member shall pay to the Association within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of subscription, of the amount of the currency of such member paid in to the Association by the member under Article II, Section 2(d), and currency furnished under the provisions of the present paragraph, whether or not such currency is held in the form of notes accepted pursuant to Article II, Section 2(e), provided, however, that the foregoing shall apply only so long as and to the extent that such currency shall not have been initially disbursed or exchanged for the currency of another member.

(b) Whenever the par value of a member's currency is increased, or the foreign exchange value of a member's currency has, in the opinion of the Association, appreciated to a significant extent within that member's territories, the Association 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 to which the provisions of paragraph (a) of this Section are applicable.

(c) The provisions of the preceding paragraphs may be waived by the Association when a uniform proportionate change in the par value of the currencies of all its members is made by the International Monetary Fund.

(d) Amounts furnished under the provisions of paragraph (a) of this Section to maintain the value of any currency shall be convertible and usable to the same extent as such currency.

ARTICLE V

Operations

SECTION 1. *Use of Resources and Conditions of Financing*

(a) The Association shall provide financing to further development in the less-developed areas of the world included within the Association's membership.

(b) Financing provided by the Association shall be for purposes which in the opinion of the Association are of high developmental priority in the light of the needs of the area or areas concerned and, except in special circumstances, shall be for specific projects.

(c) The Association shall not provide financing if in its opinion such financing is available from private sources on terms which are reasonable for the recipient or could be provided by a loan of the type made by the Bank.

(d) The Association shall not provide financing except upon the recommendation of a competent committee, made after a careful study of the merits of the proposal. Each such committee shall be appointed by the Association and shall include a nominee of the Governor or Governors representing the member or members in whose territories the project under consideration is located and one or more members of the technical staff of the Association. The requirement that the committee include the nominee of a Governor or Governors shall not apply in the case of financing provided to a public international or regional organization.

(e) The Association shall not provide financing for any project if the member in whose territories the project is located objects to such financing, except that it shall not be necessary for the Association to assure itself that individual members do not object in the case of financing provided to a public international or regional organization.

(f) The Association shall impose no conditions that the proceeds of its financing shall be spent in the territories of any particular member or members. The foregoing shall not preclude the Association from complying with any restrictions on the use of funds imposed in accordance with the provisions of these Articles, including restrictions attached to supplementary resources pursuant to agreement between the Association and the contributor.

(g) The Association shall make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and competitive international trade and without regard to political or other noneconomic influences or considerations.

(h) Funds to be provided under any financing operation shall be made available to the recipient only to meet expenses in connection with the project as they are actually incurred.

SECTION 2. *Form and Terms of Financing*

(a) Financing by the Association shall take the form of loans. The Association may, however, provide other financing, either

(i) out of funds subscribed pursuant to Article III, Section 1, and funds derived therefrom as principal, interest or other charges, if the authorization for such subscriptions expressly provides for such financing;

or

(ii) in special circumstances, out of supplementary resources furnished to the Association, and funds derived therefrom as principal, interest or other charges, if the arrangements under which such resources are furnished expressly authorize such financing.

(b) Subject to the foregoing paragraph, the Association may provide financing in such forms and on such terms as it may deem appropriate, having regard to the economic position and prospects of the area or areas concerned and to the nature and requirements of the project.

(c) The Association may provide financing to a member, the government of a territory included within the Association's membership, a political subdivision of any of the foregoing, a public or private entity in the territories of a member or members, or to a public international or regional organization.

(d) In the case of a loan to an entity other than a member, the Association may, in its discretion, require a suitable governmental or other guarantee or guarantees.

(e) The Association, in special cases, may make foreign exchange available for local expenditures.

SECTION 3. *Modifications of Terms of Financing*

The Association may, when and to the extent it deems appropriate in the light of all relevant circumstances, including the financial and economic situation and prospects of the member concerned, and on such conditions as it may determine, agree to a relaxation or other modification of the terms on which any of its financing shall have been provided.

SECTION 4. *Cooperation with Other International Organizations and Members Providing Development Assistance*

The Association shall cooperate with those public international organizations and members which provide financial and technical assistance to the less-developed areas of the world.

SECTION 5. *Miscellaneous Operations*

In addition to the operations specified elsewhere in this Agreement, the Association may:

(i) borrow funds with the approval of the member in whose currency the loan is denominated;

(ii) guarantee securities in which it has invested in order to facilitate their sale;

(iii) buy and sell securities it has issued or guaranteed or in which it has invested;

(iv) in special cases, guarantee loans from other sources for purposes not inconsistent with the provisions of these Articles;

(v) provide technical assistance and advisory services at the request of a member; and

(vi) exercise such other powers incidental to its operations as shall be necessary or desirable in furtherance of its purposes.

SECTION 6. *Political Activity Prohibited*

The Association 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 their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

ARTICLE VI

Organization and Management

SECTION 1. *Structure of the Association*

The Association shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Association may determine.

SECTION 2. *Board of Governors*

(a) All the powers of the Association shall be vested in the Board of Governors.

(b) Each Governor and Alternate Governor of the Bank appointed by a member of the Bank which is also a member of the Association shall *ex officio* be a Governor and Alternate Governor, respectively, of the Association. No Alternate Governor may vote except in the absence of his principal. The Chairman of the Board of Governors of the Bank shall *ex officio* be Chairman of the Board of Governors of the Association except that if the Chairman of the Board of Governors of the Bank shall represent a state which is not a member of the Association, then the Board of Governors shall select one of the Governors as Chairman of the Board of Governors. Any Governor or Alternate Governor shall cease to hold office if the member by which he was appointed shall cease to be a member of the Association.

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

(i) admit new members and determine the conditions of their admission;

(ii) authorize additional subscriptions and determine the terms and conditions relating thereto;

(iii) suspend a member;

(iv) decide appeals from interpretations of this Agreement given by the Executive Directors;

(v) make arrangements pursuant to Section 7 of this Article to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) decide to suspend permanently the operations of the Association and to distribute its assets;

(vii) determine the distribution of the Association's net income pursuant to Section 12 of this Article; and

(viii) approve proposed amendments to this Agreement.

(d) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Executive Directors.

(e) The annual meeting of the Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.

(f) A quorum for any meeting of the Board of Governors shall be a majority of the Governors, exercising not less than two-thirds of the total voting power.

(g) The Association may by regulation establish a procedure whereby the Executive Directors may obtain a vote of the Gov-

ernors on a specific question without calling a meeting of the Board of Governors.

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

(i) Governors and Alternate Governors shall serve as such without compensation from the Association.

SECTION 3. *Voting*

(a) Each original member shall, in respect of its initial subscription, have 500 votes plus one additional vote for each $5,000 of its initial subscription. Subscriptions other than initial subscriptions of original members shall carry such voting rights as the Board of Governors shall determine pursuant to the provisions of Article II, Section 1(b) or Article III, Section 1 (b) and (c), as the case may be. Additions to resources other than subscriptions under Article II, Section 1(b) and additional subscriptions under Article III, Section 1, shall not carry voting rights.

(b) Except as otherwise specifically provided, all matters before the Association shall be decided by a majority of the votes cast.

SECTION 4. *Executive Directors*

(a) The Executive Directors shall be responsible for the conduct of the general operations of the Association, and for this purpose shall exercise all the powers given to them by this Agreement or delegated to them by the Board of Governors.

(b) The Executive Directors of the Association shall be composed *ex officio* of each Executive Director of the Bank who shall have been (i) appointed by a member of the Bank which is also a member of the Association, or (ii) elected in an election in which the votes of at least one member of the Bank which is also a member of the Association shall have counted toward his election. The Alternate to each such Executive Director of the Bank shall *ex officio* be an Alternate Director of the Association. Any Director shall cease to hold office if the member by which he was appointed, or if all the members whose votes counted toward his election, shall cease to be members of the Association.

(c) Each Director who is an appointed Executive Director of the Bank shall be entitled to cast the number of votes which the member by which he was appointed is entitled to cast in the Association. Each Director who is an elected Executive Director of the Bank shall be entitled to cast the number of votes which the member or members of the Association whose votes counted toward his election in the Bank are entitled to cast in the Association. All the votes which a Director is entitled to cast shall be cast as a unit.

(d) An Alternate Director shall have full power to act in the absence of the Director who shall have appointed him. When a Director is present, his Alternate may participate in meetings but shall not vote.

(e) A quorum for any meeting of the Executive Directors shall be a majority of the Directors exercising not less than one-half of the total voting power.

(f) The Executive Directors shall meet as often as the business of the Association may require.

(g) The Board of Governors shall adopt regulations under which a member of the Association not entitled to appoint an Executive Director of the Bank may send a representative to attend any meeting of the Executive Directors of the Association when a request made by, or a matter particularly affecting, that member is under consideration.

SECTION 5. *President and Staff*

(a) The President of the Bank shall be *ex officio* President of the Association. The President shall be Chairman of the Executive Directors of the Association but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors but shall not vote at such meetings.

(b) The President shall be chief of the operating staff of the Association. Under the direction of the Executive Directors he shall conduct the ordinary business of the Association and under their general control shall be responsible for the organization, appointment and dismissal of the officers and staff. To the extent practicable, officers and staff of the Bank shall be appointed to serve concurrently as officers and staff of the Association.

(c) The President, officers and staff of the Association, in the discharge of their offices, owe their duty entirely to the Association and to no other authority. Each member of the Association shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) In appointing officers and staff the President shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SECTION 6. *Relationship to the Bank*

(a) The Association shall be an entity separate and distinct from the Bank and the funds of the Association shall be kept separate and apart from those of the Bank. The Association shall not borrow from or lend to the Bank, except that this shall not preclude the Association from investing funds not needed in its financing operations in obligations of the Bank.

(b) The Association may make arrangements with the Bank regarding facilities, personnel and services and arrangements for reimbursement of administrative expenses paid in the first instance by either organization on behalf of the other.

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

SECTION 7. *Relations with Other International Organizations*

The Association shall enter into formal arrangements with the United Nations and may enter into such arrangements with other public international organizations having specialized responsibilities in related fields.

SECTION 8. *Location of Offices*

The principal office of the Association shall be the principal office of the Bank. The Association may establish other offices in the territories of any member.

SECTION 9. *Depositories*

Each member shall designate its central bank as a depository in which the Association may keep holdings of such member's currency or other assets of the Association, or, if it has no central bank, it shall designate for such purpose such other institution as may be acceptable to the Association. In the absence of any different designation, the depository designated for the Bank shall be the depository for the Association.

SECTION 10. *Channel of Communication*

Each member shall designate an appropriate authority with which the Association may communicate in connection with any matter arising under this Agreement. In the absence of any different designation, the channel of communication designated for the Bank shall be the channel for the Association.

SECTION 11. *Publication of Reports and Provision of Information*

(a) The Association shall publish an annual report containing an audited statement of its accounts and shall circulate to members at appropriate intervals a summary statement of its financial position and of the results of its operations.

(b) The Association may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this Section shall be distributed to members.

SECTION 12. *Disposition of Net Income*

The Board of Governors shall determine from time to time the disposition of the Association's net income, having due regard to provision for reserves and contingencies.

ARTICLE VII

Withdrawal; Suspension of Membership; Suspension of Operations

SECTION 1. *Withdrawal by Members*

Any member may withdraw from membership in the Association at any time by transmitting a notice in writing to the Association at its principal office. Withdrawal shall become effective upon the date such notice is received.

SECTION 2. *Suspension of Membership*

(a) If a member fails to fulfill any of its obligations to the Association, the Association may suspend its membership by decision of a majority of the Governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

(b) 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 obligations.

SECTION 3. *Suspension or Cessation of Membership in the Bank*

Any member which is suspended from membership in, or ceases to be a member of, the Bank shall automatically be suspended from membership in, or cease to be a member of, the Association, as the case may be.

SECTION 4. *Rights and Duties of Governments Ceasing to be Members*

(a) When a government ceases to be a member, it shall have no rights under this Agreement except as provided in this Section and in Article X(c), but it shall, except as in this Section otherwise provided, remain liable for all financial obligations undertaken by it to the Association, whether as a member, borrower, guarantor or otherwise.

(b) When a government ceases to be a member, the Association and the government shall proceed to a settlement of accounts. As part of such settlement of accounts, the Association and the government may agree on the amounts to be paid to the government on account of its subscription and on the time and currencies of payment. The term "subscription" when used in relation to any member government shall for the purposes of this Article be deemed to include both the initial subscription and any additional subscription of such member government.

(c) If no such agreement is reached within six months from the date when the government ceased to be a member, or such other time as may be agreed upon by the Association and the government, the following provisions shall apply:

(i) The government shall be relieved of any further liability to the Association on account of its subscription, except that the government shall pay to the Association forthwith amounts due and unpaid on the date when the government ceased to be a member and which in the opinion of the Association are needed by it to meet its commitments as of that date under its financing operations.

(ii) The Association shall return to the government funds paid in by the government on account of its subscription or derived therefrom as principal repayments and held by the Association on the date when the government ceased to be a member, except to the extent that in the opinion of the Association such funds will be needed by it to meet its commitments as of that date under its financing operations.

(iii) The Association shall pay over to the government a *pro rata* share of all principal repayments received by the Association after the date on which the government ceases to be a member on loans contracted prior thereto, except those made out of supplementary resources provided to the Association under arrangements specifying special liquidation rights. Such share shall be such proportion of the total principal amount of such loans as the total amount paid by the government on account of its subscription and not returned to it pursuant to clause (ii) above shall bear to the total amount paid by all members on account of their subscriptions which shall have been used or in the opinion of the Association will be needed by it to meet its

commitments under its financing operations as of the date on which the government ceases to be a member. Such payment by the Association shall be made in instalments when and as such principal repayments are received by the Association, but not more frequently than annually. Such instalments shall be paid in the currencies received by the Association except that the Association may in its discretion make payment in the currency of the government concerned.

(iv) Any amount due to the government on account of its subscription may be withheld so long as that government, or the government of any territory included within its membership, or any political subdivision or any agency of any of the foregoing remains liable, as borrower or guarantor, to the Association, and such amount may, at the option of the Association, be applied against any such liability as it matures.

(v) In no event shall the government receive under this paragraph (c) an amount exceeding, in the aggregate, the lesser of the two following: (a) the amount paid by the government on account of its subscription, or (b) such proportion of the net assets of the Association, as shown on the books of the Association as of the date on which the government ceased to be a member, as the amount of its subscription shall bear to the aggregate amount of the subscriptions of all members.

(vi) All calculations required hereunder shall be made on such basis as shall be reasonably determined by the Association.

(d) In no event shall any amount due to a government under this Section be paid until six months after the date upon which the government ceases to be a member. If within six months of the date upon which any government ceases to be a member the Association suspends operations under Section 5 of this Article, all rights of such government shall be determined by the provisions of such Section 5 and such government shall be considered a member of the Association for purposes of such Section 5, except that it shall have no voting rights.

SECTION 5. *Suspension of Operations and Settlement of Obligations*

(a) The Association may permanently suspend its operations by vote of a majority of the Governors exercising a majority of the total voting power. After such suspension of operations the Association shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations. Until final settlement of such obligations and distribution of such assets, the Association shall remain in existence and all mutual rights and obligations of the Association and its members under this Agreement shall continue unimpaired, except that no member shall be suspended or shall withdraw and that no distribution shall be made to members except as in this Section provided.

(b) No distribution shall be made to members on account of their subscriptions until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors, by vote of a majority of the Governors exercising a majority of the total voting power, shall have decided to make such distribution.

(c) Subject to the foregoing, and to any special arrangements for the disposition of supplementary resources agreed upon in connection

with the provision of such resources to the Association, the Association shall distribute its assets to members *pro rata* in proportion to amounts paid in by them on account of their subscriptions. Any distribution pursuant to the foregoing provision of this paragraph (c) shall be subject, in the case of any member, to prior settlement of all outstanding claims by the Association against such member. Such distribution shall be made at such times, in such currencies, and in cash or other assets as the Association shall deem fair and equitable. Distribution to the several members need not be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.

(d) Any member receiving assets distributed by the Association pursuant to this Section or Section 4 shall enjoy the same rights with respect to such assets as the Association enjoyed prior to their distribution.

ARTICLE VIII

Status, Immunities and Privileges

SECTION 1. *Purposes of Article*

To enable the Association to fulfill the functions with which it is entrusted, the status, immunities and privileges provided in this Article shall be accorded to the Association in the territories of each member.

SECTION 2. *Status of the Association*

The Association shall possess full juridical personality and, in particular, the capacity:

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

SECTION 3. *Position of the Association with Regard to Judicial Process*

Actions may be brought against the Association only in a court of competent jurisdiction in the territories of a member in which the Association has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Association 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 Association.

SECTION 4. *Immunity of Assets from Seizure*

Property and assets of the Association, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

SECTION 5. *Immunity of Archives*

The archives of the Association shall be inviolable.

SECTION 6. *Freedom of Assets from Restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Association shall be free from restrictions, regulations, controls and moratoria of any nature.

SECTION 7. *Privilege for Communications*

The official communications of the Association shall be accorded by each member the same treatment that it accords to the official communications of other members.

SECTION 8. *Immunities and Privileges of Officers and Employees*

All Governors, Executive Directors, Alternates, officers and employees of the Association

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Association waives this immunity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SECTION 9. *Immunities from Taxation*

(a) The Association, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Association shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Association to Executive Directors, Alternates, officials or employees of the Association who are not local citizens, local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Association (including any dividend or interest thereon) by whomsoever held

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

(d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Association (including any dividend or interest thereon) by whomsoever held

(i) which discriminates against such obligation or security solely because it is guaranteed by the Association; or

(ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Association.

SECTION 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Association of the detailed action which it has taken.

ARTICLE IX

Amendments

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a Governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board, the Association shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendments, the Association shall certify the fact by formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying

(i) the right to withdraw from the Association provided in Article VII, Section 1;

(ii) the right secured by Article III, Section 1(c);

(iii) the limitation on liability provided in Article II, Section 3.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

ARTICLE X

Interpretation and Arbitration

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Association or between any members of the Association shall be submitted to the Executive Directors for their decision. If the question particularly affects any member of the Association not entitled to appoint an Executive Director of the Bank, it shall be entitled to representation in accordance with Article VI, Section 4(g).

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

(c) Whenever a disagreement arises between the Association and a country which has ceased to be a member, or between the Association and any member during the permanent suspension of the Association, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Association, another by the country involved and an umpire who, unless the parties otherwise

agree, shall be appointed by the President of the International Court of Justice or such other authority as may have been prescribed by regulation adopted by the Association. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XI

Final Provisions

SECTION 1. *Entry into Force*

This Agreement shall enter into force when it has been signed on behalf of governments whose subscriptions comprise not less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2(a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before September 15, 1960.

SECTION 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Bank an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Association as from the date of the deposit on its behalf of the instrument referred to in paragraph (a) above except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) This Agreement shall remain open for signature until the close of business on December 31, 1960, at the principal office of the Bank, on behalf of the governments of the states whose names are set forth in Schedule A, provided that, if this Agreement shall not have entered into force by that date, the Executive Directors of the Bank may extend the period during which this Agreement shall remain open for signature by not more than six months.

(d) After this Agreement shall have entered into force, it shall be open for signature on behalf of the government of any state whose membership shall have been approved pursuant to Article II, Section 1(b).

SECTION 3. *Territorial Application*

By its signature of this Agreement, each government accepts it both on its own behalf and in respect of all territories for whose international relations such government is responsible except those which are excluded by such government by written notice to the Association.

SECTION 4. *Inauguration of the Association*

(a) As soon as this Agreement enters into force under Section 1 of this Article the President shall call a meeting of the Executive Directors.

(b) The Association shall begin operations on the date when such meeting is held.

(c) Pending the first meeting of the Board of Governors, the Executive Directors may exercise all the powers of the Board of

Governors except those reserved to the Board of Governors under this Agreement.

SECTION 5. *Registration*

The Bank is authorized to register this Agreement with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations and the Regulations thereunder adopted by the General Assembly.

DONE at Washington, in a single copy which shall remain deposited in the archives of the International Bank for Reconstruction and Development, which has indicated by its signature below its agreement to act as depository of this Agreement, to register this Agreement with the Secretariat of the United Nations and to notify all governments whose names are set forth in Schedule A of the date when this Agreement shall have entered into force under Article XI, Section 1 hereof.

SCHEDULE A—INITIAL SUBSCRIPTIONS

[U.S. $ Millions]*

PART I

Australia	20.18	Luxembourg	1.01
Austria	5.04	Netherlands	27.74
Belgium	22.70	Norway	6.72
Canada	37.83	Sweden	10.09
Denmark	8.74	Union of South Africa	10.09
Finland	3.83	United Kingdom	131.14
France	52.96	United States	320.29
Germany	52.96		
Italy	18.16	Total	763.07
Japan	33.59		

PART II

Afghanistan	1.01	Korea	1.26
Argentina	18.83	Lebanon	0.45
Bolivia	1.06	Libya	1.01
Brazil	18.83	Malaya	2.52
Burma	2.02	Mexico	8.74
Ceylon	3.03	Morocco	3.53
Chile	3.53	Nicaragua	0.30
China	30.26	Pakistan	10.09
Colombia	3.53	Panama	0.02
Costa Rica	0.20	Paraguay	0.30
Cuba	4.71	Peru	1.77
Dominican Republic	0.40	Philippines	5.04
Ecuador	0.65	Saudi Arabia	3.70
El Salvador	0.30	Spain	10.09
Ethiopia	0.50	Sudan	1.01
Ghana	2.36	Thailand	3.03
Greece	2.52	Tunisia	1.51
Guatemala	0.40	Turkey	5.80
Haiti	0.76	United Arab Republic	6.03
Honduras	0.30	Uruguay	1.06
Iceland	0.10	Venezuela	7.06
India	40.35	Viet-Nam	1.51
Indonesia	11.10	Yugoslavia	4.04
Iran	4.54		
Iraq	0.76		236.93
Ireland	3.03		
Israel	1.68	Total	1,000.00
Jordan	0.30		

*In terms of United States dollars of the weight and fineness in effect on January 1, 1960.

Senate Resolution 264, 85th Congress, 2d Session

Resolved, That, recognizing the desirability of promoting a greater degree of international development by means of multilateral loans based on sound economic principles, it is the sense of the Senate that prompt study should be given by the National Advisory Council on International Monetary and Financial Problems with respect to the establishment of an International Development Association, as an affiliate of the International Bank for Reconstruction and Development.

In order to achieve greater international trade, development, and economic well-being, such study should include consideration of the following objectives:

(1) Providing a source of long-term loans available at a reasonable rate of interest and repayable in local currencies, or partly in local currencies, to supplement International Bank lending activities and thereby permit the prompt completion of worthwhile development projects which could not otherwise go forward.

(2) Facilitating, in connection with such loans, the use of local and other foreign currencies, including those available to the United States through the sale of agricultural surpluses and through other programs.

(3) Insuring that funds for international economic development can be made available by a process which would encourage multilateral contributions for this purpose.

DEVELOPMENT LOAN FUND

Title II of the Mutual Security Act of 1954, as Amended

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

SEC. 202. GENERAL AUTHORITY.—(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

(b) The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of

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their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed $100,000,000. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed $1,800,000,000 of which not to exceed $700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional $1,100,000,000 may be advanced prior to July 1, 1961.

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203 of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of $20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of $19,000 a year, and four other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of $18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or dona-

tions of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the continental United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of section 507 (b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.

(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying

to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4 (a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

Export-Import Bank Act of 1945, as Amended

AN ACT To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945."[1]

SEC. 2. (a)[2] There is hereby created a corporation with the name Export-Import Bank of Washington, which shall be an agency of the United States of America. The objects and purposes of the Bank shall be to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. In connection with and in furtherance of its objects and purposes, the Bank is authorized and empowered to do a general banking business except that of circulation; to receive deposits; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and to guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to purchase, sell, and guarantee securities but not to purchase with its funds any stock in any other corporation except that it may acquire any such stock through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness to it; to accept bills and drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to perform any act herein authorized in participation with any other person, including any individual, partnership, corporation, or association; to adopt, alter, and use a corporate seal, which shall be judicially noticed; to sue and to be sued; to complain and to defend in any court of competent jurisdiction; and the enumeration of the foregoing powers shall not be deemed to exclude other powers necessary to the achievement of the objects and purposes of the Bank. The Bank shall be entitled to the

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[1] 12 U. S. C. § 635 note.

[2] 12 U. S. C. § 635. Subsection (a) amended by Act December 28, 1945 (59 Stat. 666), and by Act June 9, 1947 (61 Stat. 130). Immediately before the 1947 amendment, subsection (a) read as follows:

"SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its territories or insular possessions and any foreign country (or the Philippine Islands) or the agencies or nationals thereof. The Bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency."

use of the United States mails in the same manner and upon the same conditions as the executive departments of the Government. The Bank is hereby authorized to use all of its assets and all moneys which have been or may hereafter be allocated to or borrowed by it in the exercise of its functions. Net earnings of the Bank after reasonable provision for possible losses shall be used for payment of dividends on capital stock. Any such dividends shall be deposited into the Treasury as miscellaneous receipts.

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

(c)[3] (1) The Export-Import Bank of Washington is further authorized, in the manner and to the extent herein specified, to provide insurance in an aggregate amount not in excess of $100,000,000 outstanding at any one time for the benefit of citizens of the United States, including corporations, partnerships, and associations organized and existing under the laws of the United States or any State, District, Territory, or possession thereof, against the risks of loss of or damage to tangible personal property of United States origin which is exported from the United States in commercial intercourse and is located in any friendly foreign country, to the extent that such loss or damage results from hostile or warlike action in time of peace or war, including civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or from an order of any government or public authority confiscating, expropriating, or requisitioning such property and to the extent that such property is owned in whole or in part by the assured or constitutes security for financial obligations owed to the assured.

(2) Insurance may be provided pursuant to this subsection only to the extent that it cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in any State of the United States and to the extent that it cannot be obtained from any agency of the United States Government providing marine or air war-risk insurance.

(3) In providing insurance pursuant to this subsection, the Bank may reinsure in whole or in part any company authorized to do an insurance business in any State of the United States or may employ any such company or group of companies to act as its underwriting agent in the issuance of such insurance and the adjustment of claims arising thereunder.

(4) Subject to the limitations herein provided, the Bank shall from time to time determine the terms and conditions under which it will provide insurance pursuant to this subsection: *Provided*, *however*, That such insurance shall be based, insofar as practicable, upon consideration of the risk involved: *And provided further*, That the term of coverage of any such insurance shall not exceed one year, subject to renewal or extension from time to time for periods of not exceeding one year as may be determined by the Bank.

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[3] Subsection (c) added by Act May 21, 1953 (67 Stat. 28).

SEC. 3.[4] (a) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

(b) There shall be a President of the Export-Import Bank of Washington, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of $21,000[5] per annum, and who shall serve as chief executive officer of the Bank. There shall be a First Vice President of the Bank, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of $20,500[6] per annum, who shall serve as President of the Bank during the absence or disability of or in the event of a vacancy in the office of President of the Bank, and who shall at other times perform such functions as the President of the Bank may from time to time prescribe.

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[4] 12 U. S. C. § 635a. Section 3 amended by Act October 15, 1949 (63 Stat. 880), and by Act August 9, 1954 (68 Stat. 677). Immediately before the 1954 amendment section 3 read as follows:

"SEC. 3. (a) (1) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

"(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but successors shall be appointed for terms of five years. After the Foreign Economic Administrator ceases to be a member of the Board of Directors the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

"(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the Bank. Before entering upon his duties each of the directors so appointed and each officer of the Bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of $15,000 per annum, unless he is an officer of the Bank, in which event he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

"(b) A majority of the Board of Directors shall constitute a quorum.

"(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

"(d) There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The Advisory Board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the Advisory Board on major questions of policy.

"(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing Board of Trustees.

"(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide"

(Also see Reorganization Plan No. 5 of 1953 (67 Stat. 637).)

[5] Increased by section 104 (a) (11) of the Federal Executive Pay Act of 1956 (70 Stat. 736). Also see 5 U. S. C. § 2203 (a) (11).

[6] Increased by section 105 (31) of the Federal Executive Pay Act of 1956 (70 Stat. 737). Also see 5 U. S. C. § 2204 (31).

(c) There shall be a Board of Directors of the Bank consisting of the President of the Export-Import Bank of Washington who shall serve as Chairman, the First Vice President who shall serve as Vice Chairman, and three additional persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the Board, not more than three shall be members of any one political party. Each director, other than the President of the Export-Import Bank and the Vice President of the Export-Import Bank, shall receive a salary at the rate of $20,000 [7] per annum. Before entering upon his duties, each of the directors shall take an oath faithfully to discharge the duties of his office. Terms of the directors shall be at the pleasure of the President of the United States, and the directors, in addition to their duties as members of the Board, shall perform such additional duties and may hold such other offices in the administration of the Bank as the President of the Bank may from time to time prescribe. A majority of the Board of Directors shall constitute a quorum. The Board of Directors shall adopt, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the Bank, and shall, in such bylaws, designate the vice presidents and other officers of the Bank and prescribe their duties.

(d) There shall be an Advisory Committee of nine members, appointed by the Board of Directors on the recommendation of the President of the Bank, who shall be broadly representative of production, commerce, finance, agriculture, and labor. The Advisory Committee shall meet one or more times per year, on the call of the President of the Bank, to advise with the Bank on its program. Members of the Advisory Committee shall be paid a per diem allowance of $50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Committee, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed $10 per diem in lieu of subsistence and other expenses.

(e) No director, officer, attorney, agent, or employee of the bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

SEC. 4.[8] The Export-Import Bank of Washington shall have a capital stock of $1,000,000,000 subscribed by the United States. Payments for $1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for $174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the $825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as

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[7] Increased by section 106 (a) (45) of the Federal Executive Pay Act of 1956 (70 Stat 738). Also see 5 U. S. C. § 2205 (a) (45).

[8] 12 U. S. C. § 635b.

a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person or persons as he may designate from time to time to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the Bank under this section.

SEC. 5.[9] (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities mey be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

SEC. 6.[10] The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed $6,000,000,000. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Bank. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-

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[9] 12 U. S. C. § 635c.

[10] 12 U. S. C. § 635d. Section 6 amended by Act June 9, 1947 (61 Stat. 130); Act October 3, 1951 (65 Stat. 367); Act August 9, 1954 (68 Stat. 677); and Act May 22, 1958 (72 Stat. 133). It originally read as follows:

"SEC. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States."

debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

SEC. 7.[11] The Export-Import Bank of Washington shall not have outstanding at any one time loans, guaranties, and insurance in an aggregate amount in excess of $7,000,000,000.

SEC. 8.[12] The Export-Import Bank of Washington shall continue to exercise its functions in connection with and in furtherance of its objects and purposes until the close of business on June 30, 1963, but the provisions of this section shall not be construed as preventing the Bank from acquiring obligations prior to such date which mature subsequent to such date or from assuming prior to such date liability as guarantor, endorser, or acceptor of obligations which mature subsequent to such date, or from issuing, either prior or subsequent to such date, for purchase by the Secretary of the Treasury, its notes, debentures, bonds, or other obligations which mature subsequent to such date or from continuing as a corporate agency of the United States and exercising any of its functions subsequent to such date for purposes of orderly liquidation, including the administration of its assets and the collection of any obligations held by the Bank.

SEC. 9.[13] The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11.[14] Notwithstanding the provisions of section 955 of Title 18, U. S. Code, any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

SEC. 12.[15] The Export-Import Bank of Washington created hereby shall by virtue of this Act succeed to all of the rights and assume all of the liabilities of Export-Import Bank of Washington, a District of Columbia corporation, and any outstanding capital stock of the Dis-

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[11] 12 U. S. C. § 635e. Section 7 amended by Act October 3, 1951 (65 Stat. 367); Act May 21, 1953 (67 Stat. 28); Act August 9, 1954 (68 Stat. 677); and Act May 22, 1958 (72 Stat. 133). It originally read as follows:

"SEC. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank."

[12] 12 U. S. C. § 635f. Section 8 amended by Act June 9, 1947 (61 Stat. 130); Act October 3, 1951 (65 Stat. 367); and Act June 17, 1957 (71 Stat. 82). It originally read as follows:

"SEC. 8. The provisions of the existing charter of the Bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and the Bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the Bank or any increase thereof."

[13] 12 U. S. C. § 635g.

[14] 12 U. S. C. § 635h. Section 11 amended by section 29 of the Act September 3, 1954 (68 Stat. 1237) by substituting "section 955 of Title 18, United States Code" in lieu of "the Act of April 13, 1934 (48 Stat., ch. 112, p. 574)".

[15] 12 U. S. C. § 635i. Section 12 added by Act June 9, 1947 (61 Stat. 130).

trict of Columbia corporation shall be deemed to have been issued by and shall be capital stock of the corporation created by this Act and all of the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), assets, contracts, obligations, and liabilities of the District of Columbia corporation are hereby transferred to, accepted, and assumed by the corporation created by this Act, without the necessity of any Act or Acts on the part of the corporation created by this Act or of the District of Columbia corporation, their officers, employees, or agents or of any other department or agency of the United States to carry out the purposes hereof and it shall be unnecessary to take any further action to effect the dissolution or liquidation of Export-Import Bank of Washington, a District of Columbia corporation. The members of the Board of Directors of the District of Columbia corporation, appointed pursuant to the provisions of the Export-Import Bank Act of 1945, shall, during the unexpired portion of the terms for which they were appointed, continue in office as members of the Board of Directors of the corporation created by this Act.

Approved July 31, 1945.

Cooley Amendment

Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong., as amended)

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, of affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.