



Treaty Series No. 32 (1988)

Amendments

to the Agreement Establishing the Inter-American
Development Bank and to the General Rules
Governing Admission of Non-regional Countries
to Membership of the Bank

(adopted by the Board of Governors of the Bank on 24 December, 1987)

[The Amendments entered into force on 31 December, 1987]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 1988*

LONDON
HER MAJESTY'S STATIONERY OFFICE
£1.60 net

**AMENDMENTS
TO THE AGREEMENT ESTABLISHING THE INTER-AMERICAN
DEVELOPMENT BANK AND TO THE GENERAL RULES GOVERNING
ADMISSION OF NON-REGIONAL COUNTRIES TO MEMBERSHIP
OF THE BANK**

Whereas the Agreement Establishing the Bank¹ provides that the Agreement may be amended to provide for the merger of the inter-regional capital stock and the ordinary capital stock at such time as the Bank shall have discharged its liabilities on all its ordinary capital borrowings which were outstanding at December 31, 1974;

Whereas it is anticipated that, as a result of the program for the advance redemption of the ordinary capital borrowings which were outstanding at December 31, 1974, approved by the Board of Executive Directors of the Bank on August 3, 1983, the liabilities on all such debt will have been discharged prior to December 31, 1986;

Whereas the Board of Governors has concluded that it would be desirable to proceed with the merger of the two capitals as soon as possible; and

Whereas Article XII of the Agreement Establishing the Bank provides for the process of amending the Agreement,

The Board of Governors resolves that:²

SECTION 1

Merger

The inter-regional capital resources shall be merged into the ordinary capital resources of the Bank upon the entry into force of this resolution.

SECTION 2

Amendments of Agreement

The Agreement Establishing the Bank shall be amended as follows:

1. Article II, Section 1A, shall read:

“Section 1A. Categories of Resources

The resources of the Bank shall consist of the ordinary capital resources, provided for in this article, and the resources of the Fund for Special Operations established by Article IV (hereinafter called the Fund).”

2. Article II, Section 2, shall be amended as follows:

- (1) Section 2(e) shall read:

“(e) Notwithstanding the provisions of paragraphs (c) and (d) of this section and subject to the provisions of Article VIII, Section 4 (b), the authorized ordinary capital stock may be increased when the Board of Governors deems it advisable and in a manner agreed upon by a three-fourths majority of the total voting power of the member countries, including a three-fourths majority of the total number of governors, which includes a two-thirds majority of the governors of regional members.”

- (2) Section 2(f) shall be deleted.

3. Article II, Section 3(a) and (b), shall read:

“(a) Each member shall subscribe to shares of the ordinary 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.

¹ Treaty Series No. 12 (1980), Cmnd. 7792.

² Resolution AG—8/87.

- (b) In case of an increase in ordinary 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.”
4. Article II, Section 3(f), shall be deleted.
5. Article II, Section 4(a)(ii), shall read:
“(ii) The callable portion of the subscription for ordinary 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, in fully convertible currency of the member country, 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.”
6. Article IIA shall be deleted in its entirety.
7. Article III, Section 2(a) and (b), shall read:
“(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.”
8. Article III, Section 3, shall read:
“Section 3. Basic Principle of Separation
(a) The ordinary capital resources, as defined in Article II, Section 5, and the resources of the Fund, as defined in Article IV, Section 3(h), shall at all times and in all respects be held, used, obligated, invested, or otherwise disposed of entirely separate from each other.
(b) The ordinary capital resources shall under no circumstances be charged with, or used to discharge, obligations, liabilities or losses arising out of operations for which the resources of the Fund were originally used or committed.
(c) The financial statements of the Bank shall show separately the ordinary operations and the special operations, and the Bank shall establish such other administrative rules as may be necessary to ensure the effective separation of the two types of operations.
(d) Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources. Expenses pertaining directly to special operations shall be charged to the resources of the Fund. Other expenses shall be charged as the Bank determines.”
9. Article III, Section 4, shall be amended as follows:
(1) In Section 4(ii) the word “ and ” shall be added at the end thereof.
(2) Section 4(iii) and (iv) shall be deleted.
(3) Section 4(v) shall be redesignated Section 4(iii) and the phrase “, the inter-regional capital resources,” shall be deleted therefrom.
10. Article III, Section 5, shall be amended as follows:
(1) Section 5(b) and Section 5(d) shall be deleted.
(2) Section 5(c) shall be redesignated Section 5(b).

11. Article IV, Section 3(h)(ii), shall read:

“(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;”.

12. Article V, Section 1(a), (b) and (c), shall read:

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

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

(i) gold and dollars received by the Bank in payment of the 50 per cent portion of each member's subscription to shares of the Bank's ordinary capital and of the 50 per cent portion of each member's quota for contribution to the Fund, pursuant to the provisions of Article II and Article IV, respectively;

(ii) currencies of members purchased with the resources 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 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(d), and Article IV, Section 10, in distribution of net profits.

(c) A member's currency held by the Bank, whether 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.”

13. Article V, Section 1(d), shall be amended by deleting the words “or inter-regional”.

14. Article V, Section (e), shall be amended by deleting the phrase “, in its inter-regional capital resources,”.

15. Article V, Section 3, shall be amended by deleting the phrase “, in its inter-regional capital resources,” in Section 3(a) and (b).

16. Article V, Section 4, shall be amended by deleting the phrase “to the inter-regional capital”, in the last sentence.

17. Article VI, Section 3(b), shall be amended by deleting the phrase “, of the inter-regional capital resources,”.

18. Article VII, Section 1(i), shall be amended by deleting the phrase “or inter-regional capital resources”, in the second sentence.

19. Article VIII, Section 3, shall be amended as follows:

(1) In Section 3(a) the phrase “or its inter-regional capital resources” shall be deleted.

(2) In Section 3(b) the reference to “Article III, Section 4(ii) and(v)” shall be changed to “Article III, Section 4(ii) and (iii)”.

(3) Section 3(d), (c) and (f) shall be deleted.

20. Article VII, Section 4, shall be amended as follows:
- (1) In Section 4(a) the phrase “and of the inter-regional capital resources” shall be deleted.
 - (2) In Section 4(b) the phrase “ or of the inter-regional capital resources” shall be deleted.
 - (3) In Section 4(c) the phrase “and from the inter-regional capital resources in proportion to the number of inter-regional capital shares held by each member” shall be deleted and the final word “proportions” shall be changed to “proportion”.
21. Article VIII, Section 2(b) (ii), shall read:
“(ii)increase or decrease the authorized ordinary capital stock of the Bank and the contributions to the Fund;”
22. Article VIII, Section 2(b) (viii), (ix) and (x), shall read:
- “(viii) approved, 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 ordinary capital resources 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;”
23. Article VIII, Section 4(a), shall be amended by deleting the phrase “and for each share of inter-regional capital stock” and the words “or inter-regional”.
24. Article VIII, Section 4(b), shall be amended by deleting the word “either” and the phrase “or the inter-regional capital stock”.
25. Article VIII, Section 6(a), shall read:
“(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.”
26. Article IX, Section 3(d) (ii) and (iii), shall be amended by deleting the phrase “, or Article IIA, Section 3(c)”, in the last sentence of each subparagraph.
27. Article X, Section 3(b), first sentence, shall read:
“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.”
28. Article XII shall be amended by deleting paragraph (a) (ii) and redesignating paragraph (a) (i) as paragraph (a).
29. Article XII, paragraph (b) (iii), shall be amended by deleting the phrase “Article IIA, Section 2(e).”.

SECTION 3

Amendment of General Rules

Section 7(a) of the General Rules Governing Admission of Nonregional Countries to Membership in the Bank shall be amended by deleting paragraph (ii) thereof and leaving the preceding paragraph unchanged except for the deletion of the designation “(i)” at the beginning thereof and the word “and” at the end thereof.

SECTION 4

Conversion of Shares

Each share of authorized inter-regional capital stock, including each share already subscribed, shall be converted into, by virtue of the merger, without any action on behalf of any member which has subscribed to such share, one share of the authorized ordinary capital stock resulting from the merger.

SECTION 5

Successor Capital

1. All outstanding liabilities of the Bank assumed heretofore and designated as being payable from the ordinary or inter-regional capital resources shall be payable from the ordinary capital resources resulting from the merger. All amounts owing to the Bank and designated as being payable to the ordinary capital resources or to the inter-regional capital resources shall be payable to the ordinary capital resources resulting from the merger and shall be incorporated as a part thereof.
2. All references in Bank documents, including regulations, contracts and agreements, to the inter-regional capital shall, unless the context otherwise requires, be to the ordinary capital resources resulting from the merger.

SECTION 6

Entry Into Force

This resolution and all the provisions thereof, including the foregoing amendments to the Agreement and the General Rules, shall enter into force on the date on which the official communication referred to in Article XII(c) of the Agreement Establishing the Bank has been addressed to members certifying:

- (a) that this resolution containing the amendments to the Agreement and the General Rules has been adopted by the requisite majorities specified in Article II, Section 1(b) and Article XII (a) (i) of the Agreement and Section 7(a) (i) of the General Rules; and
- (b) that the Bank has discharged its liabilities on all its ordinary capital borrowings which were outstanding at December 31, 1974.

(Approved December 24, 1987)



HMSO publications are available from:

HMSO Publications Centre

(Mail and telephone orders only)

PO Box 276, London SW8 5DT

Telephone orders 01-622 3316

General enquiries 01-211 5656

(queuing system in operation for both numbers)

HMSO Bookshops

49 High Holborn, London, WC1V 6HB 01-211 5656 (Counter service only)

258 Broad Street, Birmingham, B1 2HE 021-643 3740

Southey House, 33 Wine Street, Bristol, BS1 2BQ (0272) 264306

9-21 Princess Street, Manchester, M60 8AS 061-834 7201

80 Chichester Street, Belfast, BT1 4JY (0232) 238451

71 Lothian Road, Edinburgh, EH3 9AZ 031-228 4181

HMSO's Accredited Agents

(see Yellow Pages)

and through good booksellers