



**INTER-AMERICAN
INVESTMENT
CORPORATION**

**AGREEMENT
ESTABLISHING
THE INTER-AMERICAN
INVESTMENT CORPORATION**

AGREEMENT ESTABLISHING THE INTER-AMERICAN INVESTMENT CORPORATION

The *Agreement Establishing the Inter-American Investment Corporation* became effective March 23, 1986. The text set forth herein is a true copy of the Agreement as amended by resolutions effective October 3, 1995, July 4, 2001 and June 12, 2002.

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* **Secretary's note:** This Table of Contents is not part of the Agreement but is included for convenience.

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AGREEMENT ESTABLISHING THE INTER-AMERICAN INVESTMENT CORPORATION

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

ARTICLE I

PURPOSE AND FUNCTIONS

Section 1. Purpose

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

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

Section 2. Functions

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

(a) Assist, alone or in association with other lenders or investors, in the financing of the establishment, expansion and modernization of enterprises, utilizing such instruments and/or mechanisms as the Corporation deems appropriate in each instance;

(b) Facilitate their access to private and public capital, domestic and foreign, and to technical and managerial know-how;

(c) Stimulate the development of investment opportunities conducive to the flow of private and public capital, domestic and foreign, into investments in the member countries;

(d) Take in each case the proper and necessary measures for their financing, bearing in mind their needs and principles based on prudent administration of the resources of the Corporation; and

(e) Provide technical cooperation for the preparation, financing and execution of projects, including the transfer of appropriate technology.

Section 3. Policies

The activities of the Corporation shall be conducted in accordance with the operating, financial and investment policies set forth in detail in Regulations approved by the Board of Executive Directors of the Corporation, which Regulations may be amended by said Board.

ARTICLE II

MEMBERS AND CAPITAL

Section 1. Members

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

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

(c) The word "members" as used in this Agreement shall refer to member countries of the Bank and non-member countries of the Bank which are members of the Corporation.

Section 2. Resources

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

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

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

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

(i) such decision shall be approved by a majority representing at least three-fourths of the votes of the members, which shall include two-thirds of the Governors; and

(ii) the callable capital shall be divided into shares with a par value of ten thousand dollars of the United States of America (US\$10,000) each.

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

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

(i) amounts accruing by way of dividends, commissions, interest, and other funds derived from the investments of the Corporation;

(ii) amounts received upon the sale of investments or the repayment of loans;

(iii) amounts raised by the Corporation by means of borrowings; and

(iv) other contributions and funds entrusted to its administration.

Section 3. Subscriptions

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

(b) The payment for capital stock, set forth in Annex A, by each founding member shall be made in four annual, equal and consecutive installments each of twenty-five percent of such amount. The first installment shall be paid by each member in full within three months after the date on which the Corporation begins operation pursuant to Article XI, Section 3 below, or the date on which such founding member accedes to this Agreement, or by such date or dates thereafter as the Board of Executive Directors of the Corporation specifies. The remaining three installments shall be paid on such dates as are determined by the Board of Executive Directors

of the Corporation but not earlier than December 31, 1985, December 31, 1986, and December 31, 1987, respectively. The payment of each of the last three installments of capital subscribed by each of the member countries shall be subject to fulfillment of such legal requirements as may be appropriate in the respective countries. Payment shall be made in United States dollars. The Corporation shall specify the place or places of payment.

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

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

Section 4. Restriction on Transfers and Pledge of Shares

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

Section 5. Preferential Subscription Right

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

Section 6. Limitation on Liability

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

ARTICLE III

OPERATIONS

Section 1. Operating Procedures

In order to accomplish its purposes, the Corporation is authorized to:

(a) Identify and promote projects which meet criteria of economic feasibility and efficiency, with preference given to projects that have one or more of the following characteristics:

- (i) they promote the development and use of material and human resources in the developing countries which are members of the Corporation;
- (ii) they provide incentives for the creation of jobs;
- (iii) they encourage savings and the use of capital in productive investments;
- (iv) they contribute to the generation and/or savings of foreign exchange;
- (v) they foster management capability and technology transfer; and
- (vi) they promote broader public ownership of enterprises through the participation of as many investors as possible in the capital stock of such enterprises.

(b) Make direct investments, through the granting of loans, and preferably through the subscription and purchase of shares or convertible debt instruments, in enterprises located in regional developing member countries, and make indirect investments in such enterprises through other financial institutions, both of which investments require the significant generation of local added value.

(c) Promote the participation of other sources of financing and/or expertise through appropriate means, including the organization of loan syndicates, the underwriting of securities and participations, joint ventures, and other forms of association such as licensing arrangements, marketing or management contracts;

(d) Conduct cofinancing operations and assist domestic financial institutions, international institutions and bilateral investment institutions;

(e) Provide technical cooperation, financial and general management assistance, and act as financial agent of enterprises;

(f) Help to establish, expand, improve and finance development finance companies in the private sector and other institutions to assist in the development of said sector;

(g) Promote the underwriting of shares and securities issues, and extend such underwriting provided the appropriate conditions are met, either individually or jointly with other financial entities;

(h) Administer funds of other private, public or semi-public institutions; for this purpose, the Corporation may sign management and trustee contracts;

(i) Conduct currency transactions essential to the activities of the Corporation; and

(j) Issue bonds, certificates of indebtedness and participation certificates, and enter into credit agreements.

Section 2. Other Forms of Investments

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

Section 3. Operating Principles

The operations of the Corporation shall be governed by the following principles:

(a) It shall not establish as a condition that the proceeds of its financing be used to procure goods and services originating in a predetermined country;

(b) It shall not assume responsibility for managing any enterprise in which it has invested and shall not exercise its voting rights for such purpose or for any other purpose which, in its opinion, is properly within the scope of managerial control;

(c) It shall provide financing on terms and conditions which it considers appropriate taking into account the requirements of the enterprises, the risks assumed by the Corporation and the terms and conditions normally obtained by private investors for similar financings;

(d) It shall seek to revolve its funds by selling its investments, provided such sale can be made in an appropriate form and under satisfactory conditions, to the extent possible in accordance with Section 1(a)(vi) above;

(e) It shall seek to maintain a reasonable diversification in its investments;

(f) It shall apply financial, technical, economic, legal and institutional feasibility criteria to justify investments and the adequacy of the guarantees offered; and

(g) It shall not undertake any financing for which, in its opinion, sufficient capital could be obtained on adequate terms.

Section 4. Limitations

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

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

Section 5. Protection of Interests

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

Section 6. 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 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.

Section 7. Other Powers

The Corporation shall also have the power to:

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

(e) Handle, on such terms as the Corporation may determine, any specific matters incidental to its business as may be entrusted to the Corporation by its shareholders or third parties, and discharge the duties of trustee in respect of trusts; and

(f) Exercise all other powers inherent and which may be necessary or useful for the accomplishment of its purposes, including the signing of contracts and conducting of necessary legal actions.

Section 8. 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 decisions of the Corporation, 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 Executive Directors, a Chairman of the Board of Executive Directors, a General Manager and such other officers and staff as may be determined by the Board of Executive Directors of the Corporation.

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

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

- (i) admit new members and determine the conditions of their admission;
- (ii) increase or decrease the capital stock;
- (iii) suspend a member;
- (iv) consider and decide appeals on interpretations of this Agreement made by the Board of Executive Directors;
- (v) approve, after receipt of the auditors' report, the general balance sheets and the statements of profit and loss of the institution;
- (vi) rule on reserves and the distribution of net income, and declare dividends;
- (vii) engage the services of external auditors to examine the general balance sheets and the statements of profit and loss of the institution;
- (viii) amend this Agreement; and
- (ix) decide to suspend permanently the operations of the Corporation and to distribute its assets.

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

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

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

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

Section 3. Voting

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

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

Section 4. Board of Executive Directors

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

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

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

(ii) given the different structure of participation and composition, the member countries referred to in (c)(iii) below, as per the rotation arrangement agreed upon among said member countries, designate their own representatives for the positions corresponding to them in the Board of Executive Directors of the Corporation, whenever they could not be adequately represented by Directors or Alternates of the Bank.

(c) The Board of Executive Directors of the Corporation shall be composed as follows:

(i) one Executive Director shall be appointed by the member country having the largest number of shares in the Corporation;

(ii) nine Executive Directors shall be elected by the Governors for the regional developing member countries;

(iii) two Executive Directors shall be elected by the Governors for the remaining member countries.

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

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

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

(d) No Executive Director may simultaneously serve as a Governor of the Corporation.

(e) Elected Executive Directors shall be elected for terms of three years and may be reelected for successive terms.

(f) Each Director shall be entitled to cast the number of votes which the member or members of the Corporation whose votes counted towards his nomination or election are entitled to cast.

(g) All the votes which a Director is entitled to cast shall be cast as a unit.

(h) In the event of the temporary absence of an Executive Director and his Alternate, the Executive Director or, in his absence the Alternate Director may appoint a person to represent him.

(i) A Director shall cease to hold office if all the members whose votes counted towards his nomination or election cease to be members of the Corporation.

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

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

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

Section 5. Basic Organization

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

Section 6. Executive Committee of the Board of Executive Directors

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

(i) one person who is the Director or Alternate appointed by the member country having the largest number of shares in the Corporation;

(ii) two persons from among the Directors representing the regional developing member countries of the Corporation; and

(iii) one person from the Directors representing the other member countries.

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

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

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

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

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

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

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

Section 7. Chairman, General Manager and Officers

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

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

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

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

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

Section 8. Relations with the Bank

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

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

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

Section 9. Publication of Annual Reports and Circulation of Reports

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

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

Section 10. Dividends

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

(b) Dividends shall be distributed pro rata in proportion to paid-in capital stock held by each member.

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

ARTICLE V

WITHDRAWAL AND SUSPENSION OF MEMBERS

Section 1. Right of Withdrawal

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

(b) Even after withdrawing, a member shall remain liable for all obligations to the Corporation to which it was subject at the date of delivery of the withdrawal notice, including those specified in Section 3 of this Article. However, if the withdrawal becomes effective, a member shall not incur any liability for obligations resulting from operations of the Corporation effected after the date on which the withdrawal notice was received by the latter.

Section 2. Suspension of Membership

(a) A member that fails to fulfill any of its obligations to the Corporation under this Agreement may be suspended by decision of the Board of Governors by a majority represent-

ing at least three-fourths of the votes of the members, which shall include two-thirds of the Governors.

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

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

Section 3. Terms of Withdrawal from Membership

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

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

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

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

ARTICLE VI

SUSPENSION AND TERMINATION OF OPERATIONS

Section 1. Suspension of Operations

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

Section 2. Termination of Operations

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

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

Section 3. Liability of Members and Payment of Debts

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

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

Section 4. Distribution of Assets

(a) No distribution of assets shall be made to members on account of the shares held by them in the Corporation until all liabilities to creditors chargeable to such shares have been discharged or provided for. Moreover, such distribution must be approved by a decision of the Board of Governors by a majority representing at least three-fourths of the votes of the members, which shall include two-thirds of the Governors.

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

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

ARTICLE VII

JURIDICAL PERSONALITY, IMMUNITIES, EXEMPTIONS AND PRIVILEGES

Section 1. Scope

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

Section 2. Juridical Personality

The Corporation 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 and administrative proceedings.

Section 3. Judicial Proceedings

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

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

Section 4. Immunity of Assets

Property and assets of the Corporation, wheresoever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action.

Section 5. Inviolability of Archives

The archives of the Corporation shall be inviolable.

Section 6. Freedom of Assets from Restrictions

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

Section 7. Privilege for Communications

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

Section 8. Personal Immunities and Privileges

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

(a) Immunity from legal process with respect to acts performed by them in their official capacity, except when the Corporation waives this immunity;

(b) When not local nationals, the same immunities from immigration restrictions, alien registration requirements and military service obligations and the same facilities as regards exchange provisions as are accorded by a member country to the representatives, officials, and employees of comparable rank of other member countries; and

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

Section 9. Immunities from Taxation

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

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

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

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

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Corporation.

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

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

(ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Corporation.

Section 10. Implementation

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

Section 11. Waiver

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

ARTICLE VIII

AMENDMENTS

Section 1. Amendments

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

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

- (i) the right to withdraw from the Corporation as provided in Article V, Section 1;
- (ii) the right to purchase shares of the Corporation as provided in Article II, Section 5; and
- (iii) the limitation on liability as provided in Article II, Section 6.

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

ARTICLE IX

INTERPRETATION AND ARBITRATION

Section 1. Interpretation

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

(b) In any case where the Board of Executive Directors has given a decision under the above paragraph, any member may require that the question be submitted to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the

Corporation may, insofar as it deems it necessary, act on the basis of the decision of the Board of Executive Directors.

Section 2. Arbitration

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

ARTICLE X

GENERAL PROVISIONS

Section 1. Headquarters of the Corporation

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

Section 2. Relations with Other Organizations

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

Section 3. Channels of Communication

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

ARTICLE XI

FINAL PROVISIONS

Section 1. Signature and Acceptance

(a) This Agreement shall be deposited with the Bank, where it shall remain open for signature by the representatives of the countries listed in Annex A until December 31, 1985 or such later date as shall be established by the Board of Executive Directors of the Corporation. In case this Agreement shall not have entered into force, a later date may be determined by the representatives of the signatory countries of the Final Act of the Negotiations on the Creation of the Inter-American Investment Corporation. Each signatory of this Agreement shall deposit with the Bank an instrument setting forth that it has accepted or ratified this Agreement in accordance with its own laws and has taken the steps necessary to enable it to fulfill all of its obligations under this Agreement.

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

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

Section 2. 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 of this Article, by representatives of countries whose subscriptions comprise not less than two-thirds of the total subscriptions set forth in Annex A, which shall include:

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

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

Section 3. Commencement of Operations

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

DONE at the city of Washington, District of Columbia, United States of America, in a single original, dated November 19, 1984, whose English, French, Portuguese, and Spanish texts are equally authentic and which shall remain deposited in the archives of the Inter-American Development Bank, which has indicated by its signature below its agreement to act as depository of this Agreement and to notify all those governments of the countries whose names are set forth in Annex A of the date when this Agreement shall enter into force, in accordance with Section 2 of Article XI.

ANNEX A

SUBSCRIPTIONS OF THE SHARES IN THE CORPORATION'S AUTHORIZED CAPITAL STOCK (Shares of US\$10,000 each)

<i>Countries</i>	<i>Number of paid-in capital shares</i>	<i>Percentage</i>
<i>Regional developing countries</i>		
Argentina	2,327	11.636 ¹
Brazil	2,327	11.636 ¹
Mexico	1,498	7.490 ²
Venezuela	<u>1,248</u>	<u>6.238³</u>
Subtotal	7,400	37.000
Chile	690	3.45
Colombia	690	3.45
Peru	<u>420</u>	<u>2.10</u>
Subtotal	1,800	9.00
Bahamas	43	0.215
Barbados	30	0.150
Bolivia	187	0.935
Costa Rica	94	0.470
Dominican Republic	126	0.630
Ecuador	126	0.630
El Salvador	94	0.470
Guatemala	126	0.630
Guyana	36	0.180
Haiti	94	0.470
Honduras	94	0.470
Jamaica	126	0.630
Nicaragua	94	0.470
Panama	94	0.470
Paraguay	94	0.470
Trinidad & Tobago	94	0.470
Uruguay	<u>248</u>	<u>1.240</u>
Subtotal	1,800	9.000
Total	11,000	55.000
United States of America	5,100	25.50
<i>Other Countries</i>		
Austria	100	0.50
France	626	3.13
Germany, Fed. Rep. of	626	3.13
Israel	50	0.25
Italy	626	3.13
Japan	626	3.13
Netherlands	310	1.55
Spain	626	3.13
Switzerland	310	1.55
Subtotal	<u>3,900</u>	<u>19.50</u>
Grand Total	20,000	100.00

¹ The representatives of Argentina and Brazil stated that their participation in the capital of the Corporation should not only match their shares in the capital of the Bank, but also maintain their relative shares in the total amount contributed by the regional developing countries in the capital of the Bank.

² The Mexican delegation makes the subscription listed above in order to help eliminate the oversubscription that has prevented the Inter-American Investment Corporation from coming into operation. Nevertheless, it wishes to put on record the desire of Mexico to achieve greater share participation in these multilateral organizations, to more adequately reflect through a system of objective indicators its size in terms of economy, population and requirements for financial support for its development process.

³ Venezuela ratifies that it has decided to subscribe 1,248 shares of the Inter-American Investment Corporation, which gives it a participation of 6.238% in its capital, to enable the Corporation to begin operating as soon as possible. However, Venezuela states for the record that it has not abandoned its desire to achieve a greater share participation in the future.

ADDENDUM A*

AUTHORIZED CAPITAL STOCK OF THE INTER-AMERICAN INVESTMENT CORPORATION** (Shares of US\$10,000 each)

<i>Countries</i>	<i>Allocation of Shares***</i>	<i>Total Subscriptions Expressed in US\$</i>	<i>Voting Power</i>
<i>Regional Developing Countries</i>			
Argentina	7,767	77,670,000	11.04%
Bahamas	144	1,440,000	0.20%
Barbados	101	1,010,000	0.14%
Belize	101	1,010,000	0.14%
Bolivia	624	6,240,000	0.89%
Brazil	7,767	77,670,000	11.04%
Chile	2,003	20,030,000	2.85%
Colombia	2,003	20,030,000	2.85%
Costa Rica	314	3,140,000	0.45%
Dominican Republic	420	4,200,000	0.60%
Ecuador	420	4,200,000	0.60%
El Salvador	314	3,140,000	0.45%
Guatemala	420	4,200,000	0.60%
Guyana	120	1,200,000	0.17%
Haiti	314	3,140,000	0.45%
Honduras	314	3,140,000	0.45%
Jamaica	420	4,200,000	0.60%
Mexico	5,000	50,000,000	7.11%
Nicaragua	314	3,140,000	0.45%
Panama	314	3,140,000	0.45%
Paraguay	314	3,140,000	0.45%
Peru	2,003	20,030,000	2.85%
Suriname	101	1,010,000	0.14%
Trinidad and Tobago	314	3,140,000	0.45%
Uruguay	828	8,280,000	1.18%
Venezuela	4,311	43,110,000	6.13%
Subtotal	37,065	370,650,000	52.67%
United States of America	17,600	176,000,000	25.01%
<i>Other Countries</i>			
Austria	345	3,450,000	0.49%
Denmark	1,071	10,710,000	1.52%
Finland	393	3,930,000	0.56%
France	2,162	21,620,000	3.07%
Germany	1,334	13,340,000	1.90%
Israel	173	1,730,000	0.25%
Italy	2,162	21,620,000	3.07%
Japan	2,393	23,930,000	3.40%
Netherlands	1,071	10,710,000	1.52%
Norway	393	3,930,000	0.56%
Spain	2,393	23,930,000	3.40%
Sweden	393	3,930,000	0.56%
Switzerland	1,071	10,710,000	1.52%
Subtotal	15,354	153,540,000	21.82%
<i>New Member Countries****</i>			
Belgium	169	1,690,000	0.24%
Portugal	182	1,820,000	0.26%
Subtotal	351	3,510,000	0.50%
GRAND TOTAL	70,370	703,700,000	100%

* Secretary's note: This Addendum is not part of the Agreement but is included for convenience.

** As per Resolution CII/AG-5/99 amended by Resolution CII/AG-2/01 of March 16, 2001.

*** Under Article II, Section 2 (c) and (d) and Section 5 of the Agreement Establishing the Corporation, each member shall be entitled to a percentage of the increased capital in a pro rata manner to its shareholding participation. However, no member shall be obligated to subscribe to any part of the increased capital.

**** These countries will become members of the Corporation upon fulfillment of the conditions established in Resolution CII/AG-3/01.

INTER-AMERICAN INVESTMENT CORPORATION

1300 New York Avenue, N.W.

Washington, DC 20577

United States of America

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