No. 5593

ARGENTINA, BOLIVIA, BRAZIL, COLOMBIA, COSTA RICA, etc.

Agreement establishing the Inter-American Development Bank (with annexes). Done at Washington, on 8 April 1959

Official texts: English, French, Portuguese and Spanish.

Registered by the United States of America on 28 February 1961.

ARGENTINE, BOLIVIE, BRÉSIL, COLOMBIE, COSTA-RICA, etc.

Accord constitutif de la Banque interaméricaine de développement (avec annexes). Fait à Washington, le 8 avril 1959

Textes officiels anglais, français, portugais et espagnol.

Enregistré par les États-Unis d'Amérique le 28 février 1961.

No. 5593. AGREEMENT ESTABLISHING THE INTER-AMERICAN DEVELOPMENT BANK. DONE AT WASHINGTON, ON 8 APRIL 1959

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AGREEMENT ESTABLISHING THE INTER-AMERICAN DEVELOPMENT BANK[1]

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.

[1] In accordance with article XV, section 2, the Agreement came into force on 30 December 1959, the date on which it had been signed and instruments of acceptance or ratification had been deposited with the General Secretariat of the Organization of American States by representatives of countries whose subscriptions comprise not less than 85 per cent of the total subscriptions set forth in Annex A to the said Agreement. The instruments of ratification by the following signatory Governments were deposited on the dates indicated :

Argentina	14 October 1959	El Salvador	29 December 1959
United States of America	14 October 1959	Honduras	29 December 1959
Haïti	27 October 1959	Nicaragua	29 December 1959
Dominican Republic	16 December 1959	Panama	29 December 1959
Guatemala	16 December 1959	Bolivia	30 December 1959
Paraguay	16 December 1959	Brazil	30 December 1959
Chile	17 December 1959	Costa Rica	30 December 1959
Colombia	21 December 1959	Mexico	30 December 1959
Ecuador	22 December 1959	Peru	30 December 1959

The Agreement subsequently came into force for Uruguay on 12 February 1960 the date of deposit of its instrument of ratification and for Venezuela on 13 February 1960, the date of deposit of its instrument of acceptance.

Section 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.

Section 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 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 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.

Section 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[1] of this Agreement, which specifies the obligation of each

[1] See p. 140 of this volume.