



CHAMBRE DES DÉPUTÉS
GRAND-DUCHÉ DE LUXEMBOURG

Dossier consolidé

Projet de loi 5105

Projet de loi relatif à l'adhésion du Luxembourg à la Banque Asiatique de Développement

Date de dépôt : 11-03-2003

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Auteur(s) : Monsieur Luc Frieden, Ministre du Trésor et du Budget

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N° 5105

CHAMBRE DES DEPUTES

Session ordinaire 2002-2003

PROJET DE LOI

relatif à l'adhésion du Luxembourg à la Banque Asiatique
de Développement

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ARRETE GRAND-DUCAL DE DEPOT

Nous HENRI, Grand-Duc de Luxembourg, Duc de Nassau,

Sur le rapport de Notre Ministre du Trésor et du Budget et après délibération du Gouvernement en Conseil;

Arrêtons:

Article unique.— Notre Ministre du Trésor et du Budget présentera en Notre nom à la Chambre des Députés le projet de loi relatif à l'adhésion du Luxembourg à la Banque Asiatique de Développement.

Palais de Luxembourg, le 24 février 2003

Le Ministre du Trésor et du Budget,

Luc FRIEDEN

HENRI

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TEXTE DU PROJET DE LOI

Art. 1er.– Les statuts de la Banque Asiatique de Développement, tels qu'ils sont en vigueur depuis le 22 août 1966 en tenant compte des modifications intervenues jusqu'à la date d'entrée en vigueur de la présente loi, sont approuvés et le Gouvernement est autorisé à prendre les mesures nécessaires pour que le Luxembourg devienne membre de la Banque Asiatique de Développement.

Art. 2.– A cet effet, le Gouvernement est autorisé à participer

- a) au capital de la Banque Asiatique de Développement par la souscription de 12.040 parts sociales, dont 847 sont à libérer et 11.193 sont appelables; comme la valeur de chaque part est fixée à 12.063,50 dollars des Etats-Unis d'Amérique, le prix des parts à libérer équivaut à 10.217.785 dollars.
- b) à la septième reconstitution du Fonds Asiatique de Développement (FAD VIII) par une contribution en euros équivalente à 35.000.000 dollars des Etats-Unis d'Amérique.

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EXPOSE DES MOTIFS ET COMMENTAIRE DES ARTICLES

La Banque Asiatique de Développement (BAsD), créée le 22 août 1966, appartient à la famille des banques régionales de développement (comme la Banque Africaine, la Banque Interaméricaine, etc.). Son objectif primordial est la réduction de la pauvreté en Asie, en mettant l'accent sur une croissance économique soutenable, le développement social ainsi que la bonne gouvernance. Par ailleurs, la BAsD supporte la protection de l'environnement, la coopération régionale, les réformes juridiques et institutionnelles, ainsi que le développement du secteur privé. Le volume annuel des prêts au cours des dernières années se situait entre 5 et 6 milliards de dollars, dont environ trois quarts provenaient des ressources en capital ordinaires (prêts à taux de marché) et le solde du Fonds Asiatique de Développement (le guichet de la Banque qui accorde des prêts concessionnels). Les principaux bénéficiaires des prêts de la BAsD en termes de volume sont l'Inde, la Chine, le Pakistan, l'Indonésie, le Bangladesh et le Vietnam.

A l'heure actuelle, la BAsD compte 61 pays membres, dont 44 pays appartenant à la région Asie/Pacifique et 17 pays non régionaux (voir annexe 1); parmi les pays non régionaux, tous les membres de l'Union Européenne sont représentés à l'exception de la Grèce, de l'Irlande et du Luxembourg. L'organe suprême de l'institution est le Conseil des gouverneurs, où chaque pays membre est représenté au niveau ministériel, et qui se réunit une fois par an pour déterminer la politique générale et arrêter les comptes financiers de la Banque. Le contrôle de la gestion journalière de l'institution est confié à un Conseil d'administration résident, où les pays membres se regroupent en 12 „constituantes“, et qui siège en principe chaque semaine.

A part la Banque Européenne pour la Reconstruction et le Développement (mandaté de la promotion du secteur privé dans les pays en transition de l'ex-bloc soviétique) et la Banque Européenne d'Investissement (institution financière de l'Union Européenne), le Luxembourg jusqu'à présent n'était membre d'aucune des banques régionales de développement. En effet, l'appartenance au Groupe de la Banque Mondiale a pendant longtemps été jugé suffisante en matière de coopération multilatérale au développement.

Deux éléments ont cependant changé cette optique au cours des dernières années. D'une part le Gouvernement s'est donné comme objectif d'accroître substantiellement son aide publique au développement. La participation aux projets et programmes de la Banque Asiatique de Développement s'est dès lors offerte comme conduit intéressant pour la coopération luxembourgeoise: en effet, il existe une forte congruence entre ses propres objectifs et ceux de la BAsD en matière de réduction de la pauvreté, appliqués par surcroît au continent qui compte le plus grand nombre de pauvres sur la planète.

A part cet aspect relevant directement de politique d'aide au développement, se sont multipliées au cours des dernières années les démarches d'entreprises luxembourgeoises intéressées dans la région Asie/Pacifique, suggérant au Gouvernement de devenir membre de la BAsD. En effet, la possibilité de participer aux appels d'offres de cette institution pour des travaux ou des consultances est considérée par ces entreprises comme une excellente opportunité de prendre pied dans des marchés émergents et prometteurs pour l'économie luxembourgeoise.

Les modalités financières d'adhésion du Luxembourg à la BAsD se présentent comme suit:

- 1) Il y a d'abord la **participation au capital social**, pour laquelle la Banque prévoit un seuil minimum pour les membres non régionaux, à savoir 12.040 parts.

A cet égard, le Luxembourg est mis sur un pied d'égalité avec les pays membres européens de taille moyenne, comme l'Autriche, la Belgique, le Danemark, l'Espagne, la Finlande, la Norvège, le Portugal, la Suède et la Turquie. L'avantage de cette classification est qu'en termes de droits de vote et de représentation au sein du conseil d'administration, le Luxembourg aura un poids relativement plus important que dans d'autres institutions financières internationales comme le FMI ou la Banque Mondiale.

Tenant compte du fait que seulement 7% du capital souscrit doivent être libérés (c.-à-d. 847 parts), et que la valeur de chaque part est fixée à 12.063,50 dollars, la participation au capital social coûtera au Luxembourg l'équivalent en euros de 10.217.785 dollars; le paiement est prévu en quatre tranches annuelles, dont au minimum 43% en espèces et le solde en bons du trésor (amortissables sur une période de 5 ans). La charge budgétaire se résume comme suit:

	2003	2004	2005	2006	2007	Total
Capital social	\$ 2.554.446	\$ 2.554.446	\$ 2.554.446	\$ 2.554.447		\$ 10.217.785
dont à payer:						
en espèces (43%)	\$ 1.098.412	\$ 1.098.412	\$ 1.098.412	\$ 1.098.412		\$ 4.393.648
en bons (57%)	\$ 1.456.034	\$ 1.456.034	\$ 1.456.034	\$ 1.456.035		
Amortiss. des bons	\$ 1.164.827	\$ 1.164.827	\$ 1.164.827	\$ 1.164.828	\$ 1.164.828	\$ 5.824.137
Coût budgétaire total	\$ 2.263.239	\$ 2.263.239	\$ 2.263.239	\$ 2.263.240	\$ 1.164.828	\$ 10.217.785

- 2) L'adhésion du Luxembourg nécessite également une **contribution au Fonds Asiatique de Développement** (FAsD), représentant le guichet concessionnel des prêts de la BAsD (similaire à l'Association Internationale de Développement – AID – par rapport à la Banque Mondiale – BIRD). Ici, d'après la méthodologie appliquée par la Banque, la contribution requise du Luxembourg est l'équivalent en euros de 35.000.000 dollars.

Cette contribution est payable en deux tranches annuelles, en bons du trésor, et amortissables sur la période 2003-2007. La charge budgétaire se résume comme suit:

	2003	2004	2005	2006	2007	Total
Emissions de bons	\$ 17.500.000	\$ 17.500.000				\$ 35.000.000
Amortiss. des bons	\$ 8.400.000	\$ 6.545.000	\$ 6.860.000	\$ 7.070.000	\$ 6.125.000	\$ 35.000.000

Dans sa résolution No 291 adoptée le 8 décembre 2002, le Conseil des Gouverneurs de la BAsD a unanimement admis la demande d'adhésion du Luxembourg. En vue de pouvoir accueillir le Luxembourg comme pays membre à l'Assemblée Annuelle de la BAsD les 21-23 mai 2003 à Istanbul (Turquie), la date limite pour le dépôt de l'instrument d'acceptation et le paiement de la première tranche du capital social a été fixée au 30 avril 2003.

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RELEVÉ DES PAYS MEMBRES DE LA BANQUE ASIATIQUE DE DEVELOPPEMENT

(Années d'admission entre parenthèses)

Pays membres de la région Asie/Pacifique:

Afghanistan (1966)	Micronésie, Etats fédérés de (1990)
Australie (1966)	Mongolie (1991)
Azerbaïdjan (1999)	Myanmar (1973)
Bangladesh (1973)	Nauru, République de (1991)
Bhoutan (1982)	Népal (1966)
Cambodge (1966)	Nouvelle-Zélande (1966)
Chine, République populaire de (1986)	Ouzbékistan (1995)
Corée, République de (1966)	Pakistan (1966)
Hongkong, Chine (1969)	Papouasie-Nouvelle-Guinée (1971)
Iles Cook (1976)	Philippines (1966)
Iles Fidji (1970)	Samoa (1966)
Iles Marshall, République des (1990)	Singapour (1966)
Iles Salomon (1973)	Sri Lanka (1966)
Inde (1966)	Tadjikistan (1998)
Indonésie (1966)	T'ai-peï, Chine (1966)
Japon (1966)	Thaïlande (1966)
Kazakhstan (1994)	Timor-Leste, République démocratique du (2002)
Kirghizistan, République du (1994)	Tonga, Royaume des îles (1972)
Kiribati, République de (1974)	Turkménistan (2000)
Laos, République démocratique populaire du (1966)	Tuvalu (1993)
Malaisie (1966)	Vanuatu (1981)
Maldives (1978)	Vietnam, République socialiste du (1966)

Pays membres en dehors de la région Asie/Pacifique:

Allemagne (1966)	Italie (1966)
Autriche (1966)	Norvège (1966)
Belgique (1966)	Pays-Bas (1966)
Canada (1966)	Portugal (2002)
Danemark (1966)	Royaume-Uni (1966)
Espagne (1986)	Suède (1966)
Etats-Unis (1966)	Suisse (1967)
Finlande (1966)	Turquie (1991)
France (1970)	

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STATUTS DE LA BANQUE ASIATIQUE DE DEVELOPPEMENT

DEPECHE DU MINISTRE AUX RELATIONS AVEC LE PARLEMENT
AU PRESIDENT DE LA CHAMBRE DES DEPUTES

(1.4.2003)

Monsieur le Président,

A la demande du Ministre des Finances, j'ai l'honneur de vous faire parvenir les statuts de la Banque Asiatique de Développement comme annexe au projet de loi sous rubrique.

Veillez agréer, Monsieur le Président, l'assurance de ma haute considération.

*Le Ministre aux Relations
avec le Parlement,
François BILTGEN*

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STATUTS DE LA BANQUE ASIATIQUE DE DEVELOPPEMENT**AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK**

Notes

- (i) As provided in Article 65, the Agreement came into force on 22 August 1966.
- (ii) Certain printing errors in the original text deposited with the Secretary-General of the United Nations were formally corrected in a Process-Verbal of Rectification issued by the Secretary-General on 17 November 1967. These corrections have been incorporated in the present publication.
- (iii) In accordance with Article 66, the Inaugural Meeting was held at Tokyo from 24 to 26 November 1966 and pursuant to Resolution No. 9 of the Board of Governors, the Bank commenced operations on 19 December 1966.
- (iv) With regard to Articles 4 and 5, the authorized capital stock was increased: (a) by \$100 million to \$1,100 million (Resolution No. 10 of the Board of Governors); (b) by \$1,650 million to \$2,750 million (Resolution No. 46 of the Board of Governors); (c) by \$40 million to \$2,790 million (Resolution No. 55 of the Board of Governors); (d) by \$137.5 million to \$2,927.5 million (Resolution No. 79 of the Board of Governors); (e) by \$50 million to \$2,977.5 million (Resolution No. 80 of the Board of Governors); (f) by \$70 million to \$3,047.5 million (Resolution No. 89 of the Board of Governors); (g) by \$25.1 million to \$3,072.6 million (Resolution No. 100 of the Board of Governors); (h) by \$4,148 million to \$7,220.6 million (Resolution No. 104 of the Board of Governors); (i) by \$7,547.5 million to \$14,768.1 million (Resolution No. 158 of the Board of Governors); (j) by \$295.2 million to \$15,063.3 million (Resolution No. 174 of the Board of Governors); (k) by

\$1,140 million to \$16,203.3 million (Resolution No. 176 of the Board of Governors); (l) by \$621.9 million to \$16,825.2 million (Resolution No. 192 of the Board of Governors); (m) by \$0.5 million to \$16,825.7 million (Resolution No. 201 of the Board of Governors); (n) by \$0.7 million to \$16,826.4 million (Resolution No. 202 of the Board of Governors); (o) by \$60.2 million to \$16,886.6 million (Resolution No. 205 of the Board of Governors); (p) by \$2.7 million to \$16,889.3 million (Resolution No. 206 of the Board of Governors); (q) by \$0.7 million to \$16,890.0 million (Resolution No. 212 of the Board of Governors); (r) by \$0.2 million to \$16,890.2 million (Resolution No. 219 of the Board of Governors); (s) by \$142.7 million to \$17,032.9 million (Resolution No. 224 of the Board of Governors); (t) by \$52.9 million to \$17,085.8 million (Resolution No. 225 of the Board of Governors); and (u) by \$17,705.0 million to \$34,790.8 million (Resolution No. 232 of the Board of Governors).

- (v) With regard to Article 30, with effect from the Fourth Annual Meeting of the Board of Governors, the size of the Board of Directors was increased to twelve (12) members, eight (8) members elected by the Governors representing regional member countries and four (4) members elected by the Governors representing non-regional member countries (Resolution No. 27 as amended by Resolution No. 37 of the Board of Governors).
- (vi) The members of the Bank and their subscriptions to the authorized capital stock, as of 31 December 1994, are listed in the footnote to Annex A on pages 43 and 44.

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II	Capital
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Annex B	Election of Directors

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AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK

THE CONTRACTING PARTIES

Considering the importance of closer economic co-operation as a means for achieving the most efficient utilization of resources and for accelerating the economic development of Asia and the Far East;

Realizing the significance of making additional development financing available for the region by mobilizing such funds and other resources both from within and outside the region, and by seeking to create and foster conditions conducive to increased domestic savings and greater flow of development funds into the region;

Recognizing the desirability of promoting the harmonious growth of the economies of the region and the expansion of external trade of member countries;

Convinced that the establishment of a financial institution that is Asian in its basic character would serve these ends;

HAVE AGREED to establish hereby the Asian Development Bank (hereinafter called the „Bank“) which shall operate in accordance with the following:

Chapter I – Purpose, functions and membership

Article 1

Purpose

The purpose of the Bank shall be to foster economic growth and co-operation in the region of Asia and the Far East (hereinafter referred to as the „region“) and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually. Wherever used in this Agreement, the terms „region of Asia and the Far East“ and „region“ shall comprise the territories of Asia and the Far East included in the Terms of Reference of the United Nations Economic Commission for Asia and the Far East.

Article 2

Functions

To fulfil its purpose, the Bank shall have the following functions:

- (i) to promote investment in the region of public and private capital for development purposes;
- (ii) to utilize the resources at its disposal for financing development of the developing member countries in the region, giving priority to those regional, sub-regional as well as national projects and programmes which will contribute most effectively to the harmonious economic growth of the region as a whole, and having special regard to the needs of the smaller or less developed member countries in the region;
- (iii) to meet requests from members in the region to assist them in the coordination of their development policies and plans with a view to achieving better utilization of their resources, making their economies more complementary, and promoting the orderly expansion of their foreign trade, in particular, intra-regional trade;
- (iv) to provide technical assistance for the preparation, financing and execution of development projects and programmes, including the formulation of specific project proposals;
- (v) to co-operate, in such manner as the Bank may deem appropriate, within the terms of this Agreement, with the United Nations, its organs and subsidiary bodies including, in particular, the Economic Commission for Asia and the Far East, and with public international organizations and other international institutions, as well as national entities whether public or private, which are concerned with the investment of development funds in the region, and to interest such institutions and entities in new opportunities for investment and assistance; and
- (vi) to undertake such other activities and provide such other services as may advance its purpose.

*Article 3****Membership***

1. Membership in the Bank shall be open to: (i) members and associate members of the United Nations Economic Commission for Asia and the Far East; and (ii) other regional countries and non-regional developed countries which are members of the United Nations or of any of its specialized agencies.
2. Countries eligible for membership under paragraph 1 of this Article which do not become members in accordance with Article 64 of this Agreement may be admitted, under such terms and conditions as the Bank may determine, to membership in the Bank upon the affirmative vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
3. In the case of associate members of the United Nations Economic Commission for Asia and the Far East which are not responsible for the conduct of their international relations, application for membership in the Bank shall be presented by the member of the Bank responsible for the international relations of the applicant and accompanied by an undertaking by such member that, until the applicant itself assumes such responsibility, the member shall be responsible for all obligations that may be incurred by the applicant by reason of admission to membership in the Bank and enjoyment of the benefits of such membership. „Country“ as used in this Agreement shall include a territory which is an associate member of the United Nations Economic Commission for Asia and the Far East.

Chapter II – Capital*Article 4****Authorized capital***

1. The authorized capital stock of the Bank shall be one billion dollars (\$1,000,000,000) in terms of United States dollars of the weight and fineness in effect on 31 January 1966. The dollar wherever referred to in this Agreement shall be understood as being a United States dollar of the above value. The authorized capital stock shall be divided into one hundred thousand (100,000) shares having a par value of ten thousand dollars (\$10,000) each, which shall be available for subscription only by members in accordance with the provisions of Article 5 of this Agreement.
2. The original authorized capital stock shall be divided into paid-in shares and callable shares. Shares having an aggregate par value of five hundred million dollars (\$500,000,000) shall be paid-in shares, and shares having an aggregate par value of five hundred million dollars (\$500,000,000) shall be callable shares.
3. The authorized capital stock of the Bank may be increased by the Board of Governors, at such time and under such terms and conditions as it may deem advisable, by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.

*Article 5****Subscription of shares***

1. Each member shall subscribe to shares of the capital stock of the Bank. Each subscription to the original authorized capital stock shall be for paid-in shares and callable shares in equal parts. The initial number of shares to be subscribed by countries which become members in accordance with Article 64 of this Agreement shall be that set forth in Annex A hereof. The initial number of shares to be subscribed by countries which are admitted to membership in accordance with paragraph 2 of Article 3 of this Agreement shall be determined by the Board of Governors; provided, however, that no such subscription shall be authorized which would have the effect of reducing the percentage of capital stock held by regional members below sixty (60) per cent of the total subscribed capital stock.

2. The Board of Governors shall at intervals of not less than five (5) years review the capital stock of the Bank. In case of an increase in the authorized capital stock, each member shall have a reasonable opportunity to subscribe, under such terms and conditions as the Board of Governors shall determine, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total subscribed capital stock immediately prior to such increase; provided, however, that the foregoing provision shall not apply in respect of any increase or portion of an increase in the authorized capital stock intended solely to give effect to determinations of the Board of Governors under paragraphs 1 and 3 of this Article. No member shall be obligated to subscribe to any part of an increase of capital stock.
3. The Board of Governors may, at the request of a member, increase the subscription of such member on such terms and conditions as the Board may determine; provided, however, that no such increase in the subscription of any member shall be authorized which would have the effect of reducing the percentage of capital stock held by regional members below sixty (60) per cent of the total subscribed capital stock. The Board of Governors shall pay special regard to the request of any regional member having less than six (6) per cent of the subscribed capital stock to increase its proportionate share thereof.
4. Shares of stock initially subscribed by members shall be issued at par. Other shares shall be issued at par unless the Board of Governors by a vote of a majority of the total number of Governors, representing a majority of the total voting power of the members, decides in special circumstances to issue them on other terms.
5. Shares of stock shall not be pledged or encumbered in any manner whatsoever, and they shall not be transferable except to the Bank in accordance with Chapter VII of this Agreement.
6. The liability of the members on shares shall be limited to the unpaid portion of their issue price.
7. No member shall be liable, by reason of its membership, for obligations of the Bank.

Article 6

Payment of subscriptions

1. Payment of the amount initially subscribed by each Signatory to this Agreement which becomes a member in accordance with Article 64 to the paid-in capital stock of the Bank shall be made in five (5) instalments, of twenty (20) per cent each of such amount. The first instalment shall be paid by each member within thirty (30) days after entry into force of this Agreement, or on or before the date of deposit on its behalf of its instrument of ratification or acceptance in accordance with paragraph 1 of Article 64, whichever is later. The second instalment shall become due one (1) year from the entry into force of this Agreement. The remaining three (3) instalments shall each become due successively one (1) year from the date on which the preceding instalment becomes due.
2. Of each instalment for the payment of initial subscriptions to the original paid-in capital stock:
 - (a) Fifty (50) per cent shall be paid in gold or convertible currency; and
 - (b) Fifty (50) per cent in the currency of the member.
3. The Bank shall accept from any member promissory notes or other obligations issued by the Government of the member, or by the depository designated by such member, in lieu of the amount to be paid in the currency of the member pursuant to paragraph 2 (b) of this Article, provided such is not required by the Bank for the conduct of its operations. Such notes or obligations shall be non-negotiable, non-interest-bearing, and payable to the Bank at par value upon demand. Subject to the provisions of paragraph 2(ii) of Article 24, demands upon such notes or obligations payable in convertible currencies shall, over reasonable periods of time, be uniform in percentage on all such notes or obligations.
4. Each payment of a member in its own currency under paragraph 2(b) of this Article shall be in such amount as the Bank, after such consultation with the International Monetary Fund as the Bank may consider necessary and utilizing the par value established with the International Monetary Fund, if any,

determines to be equivalent to the full value in terms of dollars 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 ninety (90) days of the date on which such payment was due, as the Bank shall determine to be necessary to constitute the full dollar equivalent of such payment.

5. Payment of the amount subscribed to the callable capital stock of the Bank shall be subject to call only as and when required by the Bank to meet its obligations incurred under sub-paragraphs (ii) and (iv) of Article 11 on borrowings of funds for inclusion in its ordinary capital resources or on guarantees chargeable to such resources.

6. In the event of the call referred to in paragraph 5 of this Article, payment may be made at the option of the member in gold, convertible currency or in the currency required to discharge the obligations of the Bank for the purpose of which the call is made. Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.

7. The Bank shall determine the place for any payment under this Article, provided that, until the inaugural meeting of its Board of Governors, the payment of the first instalment referred to in paragraph 1 of this Article shall be made to the Secretary-General of the United Nations, as Trustee for the Bank.

Article 7

Ordinary capital resources

As used in this Agreement, the term „ordinary capital resources“ of the Bank shall include the following:

- (i) authorized capital stock of the Bank, including both paid-in and callable shares, subscribed pursuant to Article 5 of this Agreement, except such part thereof as may be set aside into one or more Special Funds in accordance with paragraph 1 (i) of Article 19 of this Agreement;
- (ii) funds raised by borrowings of the Bank by virtue of powers conferred by sub-paragraph (i) of Article 21 of this Agreement, to which the commitment to calls provided for in paragraph 5 of Article 6 of this Agreement is applicable;
- (iii) funds received in repayment of loans or guarantees made with the resources indicated in (i) and (ii) of this Article;
- (iv) income derived from loans made from the aforementioned funds or from guarantees to which the commitment to calls set forth in paragraph 5 of Article 6 of this Agreement is applicable; and
- (v) any other funds or income received by the Bank which do not form part of its Special Funds resources referred to in Article 20 of this Agreement.

Chapter III – Operations

Article 8

Use of resources

The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions set forth respectively in Articles 1 and 2 of this Agreement.

Article 9

Ordinary and special operations

1. The operations of the Bank shall consist of ordinary operations and special operations.
2. Ordinary operations shall be those financed from the ordinary capital resources of the Bank.
3. Special operations shall be those financed from the Special Funds resources referred to in Article 20 of this Agreement.

*Article 10****Separation of operations***

1. The ordinary capital resources and the Special Funds resources of the Bank shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separate from each other. The financial statements of the Bank shall show the ordinary operations and special operations separately.
2. The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which Special Funds resources were originally used or committed.
3. Expenses appertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses appertaining directly to special operations shall be charged to the Special Funds resources. Any other expenses shall be charged as the Bank shall determine.

*Article 11****Recipients and methods of operation***

Subject to the conditions stipulated in this Agreement, the Bank may provide or facilitate financing to any member, or any agency, instrumentality or political subdivision thereof, or any entity or enterprise operating in the territory of a member, as well as to international or regional agencies or entities concerned with economic development of the region. The Bank may carry out its operations in any of the following ways:

- (i) by making or participating in direct loans with its unimpaired paid-in capital and, except as provided in Article 17 of this Agreement, with its reserves and undistributed surplus; or with the unimpaired Special Funds resources;
- (ii) by making or participating in direct loans with funds raised by the Bank in capital markets or borrowed or otherwise acquired by the Bank for inclusion in its ordinary capital resources;
- (iii) by investment of funds referred to in (i) and (ii) of this Article in the equity capital of an institution or enterprise, provided no such investment shall be made until after the Board of Governors, by a vote of a majority of the total number of Governors, representing a majority of the total voting power of the members, shall have determined that the Bank is in a position to commence such type of operations; or
- (iv) by guaranteeing, whether as primary or secondary obligor, in whole or in part, loans for economic development participated in by the Bank.

*Article 12****Limitations on ordinary operations***

1. The total amount outstanding of loans, equity investments and guarantees made by the Bank in its ordinary operations shall not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources, exclusive of the special reserve provided for by Article 17 of this Agreement and other reserves not available for ordinary operations.
2. In the case of loans made with funds borrowed by the Bank to which the commitment to calls provided for by paragraph 5 of Article 6 of this Agreement is applicable, the total amount of principal outstanding and payable to the Bank in a specific currency shall not at any time exceed the total amount of the principal of outstanding borrowings by the Bank that are payable in the same currency.
3. In the case of funds invested in equity capital out of the ordinary capital resources of the Bank, the total amount invested shall not exceed ten (10) per cent of the aggregate amount of the unimpaired paid-in capital stock of the Bank actually paid up at any given time together with the reserves and

surplus included in its ordinary capital resources, exclusive of the special reserve provided for in Article 17 of this Agreement.

4. The amount of any equity investment shall not exceed such percentage of the equity capital of the entity or enterprise concerned as the Board of Directors shall in each specific case determine to be appropriate. The Bank shall not seek to obtain by such an investment a controlling interest in the entity or enterprise concerned, except where necessary to safeguard the investment of the Bank.

Article 13

Provision of currencies for direct loans

In making direct loans or participating in them, the Bank may provide financing in any of the following ways:

- (i) by furnishing the borrower with currencies other than the currency of the member in whose territory the project concerned is to be carried out (the latter currency hereinafter to be called „local currency“), which are necessary to meet the foreign exchange costs of such project; or
- (ii) by providing financing to meet local expenditures on the project concerned, where it can do so by supplying local currency without selling any of its holdings in gold or convertible currencies. In special cases when, in the opinion of the Bank, the project causes or is likely to cause undue loss or strain on the balance of payments of the member in whose territory the project is to be carried out, the financing granted by the Bank to meet local expenditures may be provided 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 total local expenditure incurred by the borrower.

Article 14

Operating principles

The operations of the Bank shall be conducted in accordance with the following principles:

- (i) The operations of the Bank shall provide principally for the financing of specific projects, including those forming part of a national, sub-regional or regional development programme. They may, however, include loans to, or guarantees of loans made to, national development banks or other suitable entities, in order that the latter may finance specific development projects whose individual financing requirements are not, in the opinion of the Bank, large enough to warrant the direct suspension of the Bank;
- (ii) In selecting suitable projects, the Bank shall always be guided by the provisions of sub-paragraph (ii) of Article 2 of this Agreement;
- (iii) The Bank shall not finance any undertaking in the territory of a member if that member objects to such financing;
- (iv) Before a loan is granted, the applicant shall have submitted an adequate loan proposal and the President of the Bank shall have presented to the Board of Directors a written report regarding the proposal, together with his recommendations, on the basis of a staff study;
- (v) In considering an application for a loan or guarantee, the Bank shall pay due regard to the ability of the borrower to obtain financing or facilities elsewhere on terms and conditions that the Bank considers reasonable for the recipient, taking into account all pertinent factors;
- (vi) 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;
- (vii) In making or guaranteeing a loan, the rate of interest, other charges and the schedule for repayment of principal shall be such: as are, in the opinion of the Bank, appropriate for the loan concerned;
- (viii) In guaranteeing a loan made by other investors, or in underwriting the sale of securities, the Bank shall receive suitable compensation for its risk;

- (ix) The proceeds of any loan, investment or other financing undertaken in the ordinary operations of the Bank or with Special Funds established by the Bank pursuant to paragraph 1 (i) of Article 19, shall be used only for procurement in member countries of goods and services produced in member countries, except in any case in which the Board of Directors by a vote of the Directors representing not less than two-thirds of the total voting power of the members, determines to permit procurement in a non-member country or of goods and services produced in a non-member country in special circumstances making such procurement appropriate, as in the case of a non-member country in which a significant amount of financing has been provided to the Bank;
- (x) In the case of a direct loan made by the Bank, the borrower shall be permitted by the Bank to draw its funds only to meet expenditures in connection with the project as they are actually incurred;
- (xi) 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 and with due attention to considerations of economy and efficiency;
- (xii) The Bank shall pay due regard to the desirability of avoiding a disproportionate amount of its resources being used for the benefit of any member;
- (xiii) The Bank shall seek to maintain reasonable diversification in its investments in equity capital; it shall not assume responsibility for managing any entity or enterprise in which it has an investment, except where necessary to safeguard its investments; and
- (xiv) The Bank shall be guided by sound banking principles in its operations.

Article 15

Terms and conditions for direct loans and guarantees

1. In the case of direct loans made or participated in or loans guaranteed by the Bank, the contract shall establish, in conformity with the operating principles set forth in Article 14 of this Agreement and subject to the other provisions of this Agreement, the terms and conditions for the loan or the guarantee concerned, including those relating to payment of principal, interest and other charges, maturities, and dates of payment in respect of the loan, or the fees and other charges in respect of the guarantee, respectively. In particular, the contract shall provide that, subject to paragraph 3 of this Article, all payments to the Bank under the contract shall be made in the currency loaned, unless, in the case of a direct loan made or a loan guaranteed as part of special operations with funds provided under paragraph 1 (ii) of Article 19, the rules and regulations of the Bank provide otherwise. Guarantees by the Bank shall also provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and 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.
2. Where the recipient of loans or guarantees of loans is not itself a member, the Bank may, when it deems it advisable, require that the member in whose territory the project concerned is to be carried out, or a public agency or any instrumentality of that member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan in accordance with the terms thereof.
3. The loan or guarantee contract shall expressly state the currency in which all payments to the Bank thereunder shall be made. At the option of the borrower, however, such payments may always be made in gold or convertible currency.

Article 16

Commission and fees

1. The Bank shall charge, in addition to interest, a commission on direct loans made or participated in as part of its ordinary operations. This commission, payable periodically, shall be computed on the amount out, standing on each loan or participation and shall be at the rate of not less than one (1) per

cent per annum, unless the Bank, after the first five (5) years of its operations, decides to reduce this minimum rate by a two-thirds majority of its members, representing not less than three-fourths of the total voting power of the members.

2. In guaranteeing a loan as part of its ordinary operations, the Bank shall charge a guarantee fee, at a rate determined by the Board of Directors, payable periodically on the amount of the loan outstanding.
3. Other charges of the Bank in its ordinary operations and any commission, fees or other charges in its special operations shall be determined by the Board of Directors.

Article 17

Special reserve

The amount of commissions and guarantee fees received by the Bank pursuant to Article 16 of this Agreement shall be set aside as a special reserve which shall be kept for meeting liabilities of the Bank in accordance with Article 18 of this Agreement. The special reserve shall be held in such liquid form as the Board of Directors may decide.

Article 18

Methods of meeting liabilities of the Bank

1. In cases of default on loans made, participated in or guaranteed by the Bank in its ordinary operations, the Bank shall take such action as it deems appropriate with respect to modifying the terms of the loan, other than the currency of repayment.
2. The payments in discharge of the Bank's liabilities on borrowings or guarantees under sub-paragraphs (ii) and (iv) of Article 11 chargeable to the ordinary capital resources shall be charged:
 - (i) First, against the special reserve provided for in Article 17;
 - (ii) Then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus and capital available to the Bank.
3. Whenever necessary to meet contractual payments of interest, other charges or amortization on borrowings of the Bank in its ordinary operations, or to meet its liabilities with respect to similar payments in respect of loans guaranteed by it, chargeable to its ordinary capital resources, the Bank may call an appropriate amount of the uncalled subscribed callable capital in accordance with paragraphs 6 and 7 of Article 6 of this Agreement.
4. In cases of default in respect of a loan made from borrowed funds or guaranteed by the Bank as part of its ordinary operations, the Bank may, if it believes that the default may be of long duration, call an additional amount of such callable capital not to exceed in any one (1) year one (1) per cent of the total subscriptions of the members to such capital, for the following purposes:
 - (i) To redeem before maturity, or otherwise discharge, the Bank's 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, the Bank's liability on all or part of its own outstanding borrowing.
5. If the Bank's subscribed callable capital stock shall be entirely called pursuant to paragraphs 3 and 4 of this Article, the Bank may, if necessary for the purposes specified in paragraph 3 of this Article, use or exchange the currency of any member without restriction, including any restriction imposed pursuant to paragraphs 2 (i) and (ii) of Article 24.

Article 19

Special funds

1. The Bank may:
 - (i) set aside, by a vote of two-thirds of the total number of Governors, representing at least three-fourths of the total voting power of the members, not more than ten (10) per cent each of

the portion of the unimpaired paid-in capital of the Bank paid by members pursuant to paragraph 2(a) of Article 6 and of the portion thereof paid pursuant to paragraph 2(b) of Article 6, and establish there with one or more Special Funds; and

- (ii) accept the administration of Special Funds which are designed to serve the purpose and come within the functions of the Bank.

2. Special Funds established by the Bank pursuant to paragraph 1 (i) of this Article may be used to guarantee or make loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those established by the Bank for its ordinary operations. Such Funds may also be used on such other terms and conditions, not inconsistent with the applicable provisions of this Agreement nor with the character of such Funds as revolving funds, as the Bank in establishing such Funds may direct.

3. Special Funds accepted by the Bank under paragraph 1 (ii) of this Article may be used in any manner and on any terms and conditions not inconsistent with the purpose of the Bank and with the agreement relating to such Funds.

4. The Bank shall adopt such special rules and regulations as may be required for the establishment, administration and use of each Special Fund. Such rules and regulations shall be consistent with the provisions of this Agreement, excepting those provisions expressly applicable only to ordinary operations of the Bank.

Article 20

Special funds resources

As used in this Agreement, the term „Special Funds resources“ shall refer to the resources of any Special Fund and shall include:

- (a) resources set aside from the paid-in capital to a Special Fund or otherwise initially contributed to any Special Fund;
- (b) funds accepted by the Bank for inclusion in any Special Fund;
- (c) funds repaid in respect of loans or guarantees financed from the resources of any Special Fund which, under the rules and regulations of the Bank governing that Special Fund, are received by such Special Fund;
- (d) income derived from operations of the Bank in which any of the aforementioned resources or funds are used or committed if, under the rules and regulations of the Bank governing the Special Fund concerned, that income accrues to such Special Fund; and
- (e) any other resources placed at the disposal of any Special Fund.

Chapter IV – Borrowing and other miscellaneous powers

Article 21

General powers

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

- (i) borrow funds in member countries or elsewhere, and in this connection to furnish such collateral or other security therefor as the Bank shall determine, provided always that:
 - (a) before making a sale of its obligations in the territory of a country, the Bank shall have obtained its approval;
 - (b) where the obligations of the Bank are to be denominated in the currency of a member, the bank shall have obtained its approval;
 - (c) the Bank shall obtain the approval of the countries referred to in sub-paragraphs (a) and (b) of this paragraph that the proceeds may be exchanged for the currency of any member without restriction; and

- (d) before determining to sell its obligations in a particular country, the Bank shall consider the amount of previous borrowing, if any, in that country, the amount of previous borrowing in other countries, and the possible availability of funds in such other countries; and shall give due regard to the general principle that its borrowings should to the greatest extent possible be diversified as to country of borrowing.
- (ii) buy and sell securities the Bank has issued or guaranteed or in which it has invested, provided always that it shall have obtained the approval of any country in whose territory the securities are to be bought or sold;
- (iii) guarantee securities in which it has invested in order to facilitate their sale;
- (iv) underwrite, or participate in the underwriting of, securities issued by any entity or enterprise for purposes consistent with the purpose of the Bank;
- (v) invest funds, not needed in its operations, in the territories of members in such obligations of members or nationals thereof as it may determine, and invest funds held by the Bank for pensions or similar purposes in the territories of members in marketable securities issued by members or nationals thereof;
- (vi) provide technical advice and assistance which serve its purpose and come within its functions, and where expenditures incurred in furnishing such services are not reimbursable, charge the net income of the Bank therewith; in the first five (5) years of its operations, the Bank may use up to two (2) per cent of its paid-in capital for furnishing such services on a non-reimbursable basis, and
- (vii) exercise such other powers and establish such rules and regulations as may be necessary or appropriate in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

Article 22

Notice 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.

Chapter V – Currencies

Article 23

Determination of convertibility

Whenever it shall become necessary under this Agreement to determine whether any currency is convertible, such determination shall be made by the Bank after consultation with the International Monetary Fund.

Article 24

Use of currencies

1. Members may not maintain or impose any restrictions on the holding or use by the Bank or by any recipient from the Bank, for payments in any country, of the following:
 - (i) gold or convertible currencies received by the Bank in payment of subscriptions to its capital stock, other than that paid to the Bank by members pursuant to paragraph 2(b) of Article 6 and restricted pursuant to paragraphs 2(i) and (ii) of this Article;
 - (ii) currencies of members purchased with the gold or convertible currencies referred to in the preceding sub-paragraph;
 - (iii) currencies obtained by the Bank by borrowing, pursuant to sub-paragraph (i) of Article 21 of this Agreement, for inclusion in its ordinary capital resources;

- (iv) gold or currencies received by the Bank in payment on account of principal, interest, dividends or other charges in respect of loans or investments made out of any of the funds referred to in sub-paragraphs (i) to (iii) of this paragraph or in payment of fees in respect of guarantees made by the Bank; and
 - (v) currencies, other than the member's own currency, received by the member from the Bank in distribution of the net income of the Bank in accordance with Article 40 of this Agreement.
2. Members may not maintain or impose any restriction on the holding or use by the Bank or by any recipient from the Bank, for payments in any country, of currency of a member received by the Bank which does not come within the provisions of the preceding paragraph, unless:
- (i) a developing member country, after consultation with and subject to periodic review by the Bank, restricts in whole or in part the use of such currency to payments for goods or services produced and intended for use in its territory; or
 - (ii) any other member whose subscription has been determined in Part A of Annex A hereof and whose exports of industrial products do not represent a substantial proportion of its total exports, deposits with its instrument of ratification or acceptance a declaration that it desires the use of the portion of its subscription paid pursuant to paragraph 2(b) of Article 6 to be restricted, in whole or in part, to payments for goods or services produced in its territory; provided that such restrictions be subject to periodic review by and consultation with the Bank and that any purchases of goods or services in the territory of that member, subject to the usual consideration of competitive tendering, shall be first charged against the portion of its subscription paid pursuant to paragraph 2(b) of Article 6; or
 - (iii) such currency forms part of the Special Funds resources of the Bank available under paragraph 1(ii) of Article 19 and its use is subject to special rules and regulations.
3. Members may not maintain or impose any restrictions on the holding or use by the Bank, for making amortization payments or anticipatory payments or for repurchasing in whole or in part the Bank's own obligations, of currencies received by the Bank in repayment of direct loans made out of its ordinary capital resources, provided, however, that until the Bank's subscribed callable capital stock has been entirely called, such holding or use shall be subject to any limitations imposed pursuant to paragraph 2(i) of this Article except in respect of obligations payable in the currency of the member concerned.
4. Gold or currencies held by the Bank shall not be used by the Bank to purchase other currencies of members or non-members except:
- (i) in order to meet its obligations in the ordinary course of its business; or
 - (ii) pursuant to a decision of the Board of Directors adopted by a vote of the Directors representing not less than two-thirds of the total voting power of the members.
5. Nothing herein contained shall prevent the Bank from using the currency of any member for administrative expenses incurred by the Bank in the territory of such member.

Article 25

Maintenance of value of the currency holdings of the Bank

1. Whenever (a) the par value in the International Monetary Fund of the currency of a member is reduced in terms of the dollar defined in Article 4 of this Agreement, or (b) in the opinion of the Bank, after consultation with the International Monetary Fund, the foreign exchange value of a member's currency has depreciated to a significant extent, that member shall pay to the Bank within a reasonable time an additional amount of its currency required to maintain the value of all such currency held by the Bank, excepting (a) currency derived by the Bank from its borrowings and (b) unless otherwise provided in the agreement establishing such Funds, Special Funds resources accepted by the Bank under paragraph 1 (ii) of Article 19.
2. Whenever (a) the par value in the International Monetary Fund of the currency of a member is increased in terms of the said dollar, or (b) in the opinion of the Bank, after consultation with the Inter-

national Monetary Fund, the foreign exchange value of a member's currency has appreciated to a significant extent, the Bank shall pay to that member within a reasonable time an amount of that currency required to adjust the value of all such currency held by the Bank excepting (a) currency derived by the Bank from its borrowings, and (b) unless otherwise provided in the agreement establishing such Funds, Special Funds resources accepted by the Bank under paragraph I(ii) of Article 19.

3. The Bank may waive the provisions of this Article when a uniform proportionate change in the par value of the currencies of all its members takes place.

Chapter VI – Organization and management

Article 26

Structure

The Bank shall have a Board of Governors, a Board of Directors, a President, one or more Vice-Presidents and such other officers and staff as may be considered necessary.

Article 27

Board of Governors: composition

1. Each member shall be represented on the Board of Governors and shall appoint one Governor and one alternate. Each Governor and alternate shall serve at the pleasure of the appointing member. No alternate may vote except in the absence of his principal. At its annual meeting, the Board shall designate one of the Governors as Chairman who shall hold office until the election of the next Chairman and the next annual meeting of the Board.

2. Governors and alternates shall serve as such without remuneration from the Bank, but the Bank may pay them reasonable expenses incurred in attending meetings.

Article 28

Board of Governors: powers

1. All the powers of the Bank shall be vested in the Board of Governors.
2. The Board of Governors may delegate to the Board of Directors any or all its powers, except the power to:
 - (i) admit new members and determine the conditions of their admission;
 - (ii) increase or decrease the authorized capital stock of the Bank;
 - (iii) suspend a member;
 - (iv) decide appeals from interpretations or applications of this Agreement given by the Board of Directors;
 - (v) authorize the conclusion of general agreements for co-operation with other international organizations;
 - (vi) elect the Directors and the President of the Bank;
 - (vii) determine the remuneration of the Directors and their alternates and the salary and other terms of the contract of service of the President;
 - (viii) approve, after reviewing the auditor's report, the general balance sheet and the statement of profit and loss of the Bank;
 - (ix) determine the reserves and the distribution of the net profits of the Bank;
 - (x) amend this Agreement;
 - (xi) decide to terminate the operations of the Bank and to distribute its assets; and

(xii) exercise such other powers as are expressly assigned to the Board of Governors in this Agreement.

3. The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Directors under paragraph 2 of this Article.

4. For the purposes of this Agreement, the Board of Governors may, by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members, from time to time determine which countries or members of the Bank are to be regarded as developed or developing countries or members, taking into account appropriate economic considerations.

Article 29

Board of Governors: procedure

1. 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 Board of Directors. Meetings of the Board of Governors shall be called, by the Board of Directors, whenever requested by five (5) members of the Bank.

2. A majority of the Governors shall constitute a quorum for any meeting of the Board of Governors, provided such majority represents not less than two-thirds of the total voting power of the members.

3. The Board of Governors may by regulation establish a procedure whereby the Board of Directors may, when the latter deems such action advisable, obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.

4. The Board of Governors, and the Board of Directors to the extent authorized, may establish such subsidiary bodies as may be necessary or appropriate to conduct the business of the Bank.

Article 30

Board of Directors: composition

1. (i) The Board of Directors shall be composed of ten (10) members who shall not be members of the Board of Governors, and of whom:

(a) seven (7) shall be elected by the Governors representing regional members; and

(b) three (3) by the Governors representing non-regional members.

Directors shall be persons of high competence in economic and financial matters and shall be elected in accordance with Annex B hereof.

(ii) At the Second Annual Meeting of the Board of Governors after its inaugural meeting, the Board of Governors shall review the size and composition of the Board of Directors, and shall increase the number of Directors as appropriate, paying special regard to the desirability, in the circumstances at that time, of increasing representation in the Board of Directors of smaller less developed member countries. Decisions under this paragraph should be made by a vote of a majority of the total number of Governors, representing not less than two-thirds of the total voting power of the members.

2. Each Director shall appoint an alternate with full power to act for him when he is not present. Directors and alternates shall be nationals of member countries. No two or more Directors may be of the same nationality nor may any two or more alternates be of the same nationality. An alternate may participate in meetings of the Board but may vote only when he is acting in place of his principal.

3. Directors shall hold office for a term of two (2) years and may be re-elected. They shall continue in office until their successors shall have been chosen and qualified. If the office of a Director becomes vacant more than one hundred and eighty (180) days before the end of his term, a successor shall be

chosen in accordance with Annex B hereof, for the remainder of the term, by the Governors who elected the former Director. A majority of the votes cast by such Governors shall be required for such election. If the office of a Director becomes vacant one hundred and eighty (180) days or less before the end of his term, a successor may similarly be chosen for the remainder of the term, by the Governors who elected the former Director, in which election a majority of the votes cast by such Governors shall be required. While the office remains vacant, the alternate of the former Director shall exercise the powers of the latter, except that of appointing an alternate.

Article 31

Board of Directors: powers

The Board of Directors shall be responsible for the direction of the general operations of the Bank and, for this purpose, shall in addition to the powers assigned to it expressly by this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- (i) prepare the work of the Board of Governors,
- (ii) in conformity with the general directions of the Board of Governors, take decisions concerning loans, guarantees, investments in equity capital, borrowing by the Bank, furnishing of technical assistance and other operations of the Bank;
- (iii) submit the accounts for each financial year for approval of the Board of Governors at each annual meeting; and
- (iv) approve the budget of the Bank.

Article 32

Board of Directors: procedure

1. The Board of Directors shall normally function at the principal office of the Bank and shall meet as often as the business of the Bank may require.
2. A majority of the Directors shall constitute a quorum for any meeting of the Board of Directors, provided such majority represents not less than two-thirds of the total voting power of the members.
3. The Board of Governors shall adopt Regulations under which, if there is no Director of its nationality, a member may send a representative to attend, without right to vote, any meeting of the Board of Directors when a matter particularly affecting that member is under consideration.

Article 33

Voting

1. The total voting power of each member shall consist of the sum of its basic votes and proportional votes.
 - (i) The basic votes of each member shall consist of such number of votes as results from the equal distribution among all the members of twenty (20) per cent of the aggregate sum of the basic votes and proportional votes of all the members.
 - (ii) The number of the proportional votes of each member shall be equal to the number of shares of the capital stock of the Bank held by that member.
2. In voting in the Board of Governors, each Governor shall be entitled to cast the votes of the member he represents. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power represented at the meeting.
3. In voting in the Board of Directors, each Director shall be entitled to cast the number of votes that counted towards his election which votes need not be cast as a unit. Except as otherwise expressly provided in this Agreement, all matters before the Board of Directors shall be decided by a majority of the voting power represented at the meeting.

*Article 34****The President***

1. The Board of Governors, by a vote of a majority of the total number of Governors, representing not less than a majority of the total voting power of the members, shall elect a president of the Bank. He shall be a national of a regional member country. The President, while holding office, shall not be a Governor or a Director or an alternate for either.
2. The term of office of the President shall be five (5) years. He may be re-elected. He shall, however, cease to hold office when the Board of Governors so decides by a vote of two-thirds of the total number of Governors, representing not less than two-thirds of the total voting power of the members. If the office of the President for any reason becomes vacant more than one hundred and eighty (180) days before the end of his term, a successor shall be elected for the unexpired portion of such term by the Board of Governors in accordance with the provisions of paragraph 1 of this Article. If such office for any reason becomes vacant one hundred and eighty (180) days or less before the end of his term, a successor may similarly be elected for the unexpired portion of such term by the Board of Governors.
3. The President shall be Chairman of the Board of 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.
4. The President shall be the legal representative of the Bank.
5. The President shall be chief of the staff of the Bank and shall conduct, under the direction of the Board of Directors, the current business of the Bank. He shall be responsible for the organization, appointment and dismissal of the officers and staff in accordance with regulations adopted by the Board of Directors.
6. In appointing the officers and staff, the President shall, subject to the paramount importance of securing the highest standards of efficiency and technical competence, pay due regard to the recruitment of personnel on as wide a regional geographical basis as possible.

*Article 35****Vice-President(s)***

1. One or more Vice-Presidents shall be appointed by the Board of Directors on the recommendation of the President. Vice-President(s) shall hold office for such term, exercise such authority and perform such functions in the administration of the Bank, as may be determined by the Board of Directors. In the absence or incapacity of the President, the Vice-President or, if there be more than one, the ranking Vice-President, shall exercise the authority and perform the functions of the President.
2. Vice-President(s) may participate in meetings of the Board of Directors but shall have no vote at such meetings, except that the Vice-President or ranking Vice-President, as the case may be, shall cast the deciding vote when acting in place of the President.

*Article 36****Prohibition of political activity:
The international character of the Bank***

1. The Bank shall not accept loans or assistance that may in any way prejudice, limit, deflect or otherwise alter its purpose or functions.
2. The Bank, its President, Vice-President(s), officers and staff 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

concerned. Only economic considerations shall be relevant to their decisions. Such considerations shall be weighed impartially in order to achieve and carry out the purpose and functions of the Bank.

3. The President, Vice-President(s), 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.

Article 37

Office of the Bank

1. The principal office of the Bank shall be located in Manila, Philippines.
2. The Bank may establish agencies or branch offices elsewhere.

Article 38

Channel of communications, depositories

1. Each member shall designate an appropriate official entity with which the Bank may communicate in connection with any matter arising under this Agreement.
2. Each member shall designate its central bank, or such other agency as may be agreed upon with the Bank, as a depository with which the Bank may keep its holdings of currency of that member as well as other assets of the Bank.

Article 39

Working language, reports

1. The working language of the Bank shall be English.
2. The Bank shall transmit to its members an Annual Report containing an audited statement of its accounts and shall publish such Report. It shall also transmit quarterly to its members a summary statement of its financial position and a profit and loss statement showing the results of its operations.
3. The Bank may also publish such other reports as it deems desirable in the carrying out of its purpose and functions. Such reports shall be transmitted to the members of the Bank.

Article 40

Allocation of net income

1. The Board of Governors shall determine annually what part of the net income of the Bank, including the net income accruing to Special Funds, shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members.
2. The distribution referred to in the preceding paragraph shall be made in proportion to the number of shares held by each member.
3. Payments shall be made in such manner and in such currency as the Board of Governors shall determine.

Chapter VII – Withdrawal and suspension of members, temporary suspension and termination of operations of the Bank

Article 41

Withdrawal

1. Any member may withdraw from the Bank at any time by delivering a notice in writing to the Bank at its principal office.

2. Withdrawal by a member shall become effective, and its membership shall cease, on the date specified in its notice but in no event less than six (6) months after the date that notice has been received by 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.

3. A withdrawing 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. 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.

Article 42

Suspension of membership

1. If a member fails to fulfil any of its obligation to the Bank, the Board of Governors may suspend such member by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.

2. The member so suspended shall automatically cease to be a member of the Bank one (1) year from the date of its suspension unless the Board of Governors, during the one-year period, decides by the same majority necessary for suspension to restore the member to good standing.

3. 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.

Article 43

Settlement of accounts

1. After the date on which a country 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 is outstanding, but it shall not incur liabilities with respect to loans and guarantees entered into thereafter by the Bank nor share either in the income or the expenses of the Bank.

2. At the time a country ceases to be a member, the Bank shall arrange for the repurchase of such country's shares by the Bank as a part of the settlement of accounts with such country in accordance with the provisions of paragraphs 3 and 4 of this Article. For this purpose, the repurchase price of the shares shall be the value shown by the books of the Bank on the date the country ceases to be a member.

3. The payment for shares repurchased by the Bank under this Article shall be governed by the following conditions:

- (i) Any amount due to the country concerned for its shares shall be withheld so long as that country, its central bank or any of its agencies, instrumentalities or political subdivisions 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 contingent liability of the country for future calls on its subscription for shares in accordance with paragraph 5 of Article 6 of this Agreement. In any event, no amount due to a member for its shares shall be paid until six (6) months after the date on which the country ceases to be a member.
- (ii) Payments for shares may be made from time to time, upon surrender of the corresponding stock certificates by the country concerned, to the extent by which the amount due as the repurchase price in accordance with paragraph 2 of this Article exceeds the aggregate amount of liabilities, on loans and guarantees referred to in sub-paragraph (i) of this paragraph, until the former member has received the full repurchase price.
- (iii) Payments shall be made in such available currencies as the Bank determines, taking into account its financial position.

- (iv) If losses are sustained by the Bank on any guarantees or loans which were outstanding on the date when a country ceased to be a member and the amount of such losses exceeds the amount of the reserve provided against losses on that date, the country concerned shall 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 shall remain liable on any call for unpaid subscriptions in accordance with paragraph 5 to Article 6 of this Agreement, to the same 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.
4. If the Bank terminates its operations pursuant to Article 45 of this Agreement within six (6) months of the date upon which any country ceases to be a member, all rights of the country concerned shall be determined in accordance with the provisions of Articles 45 to 47 of this Agreement. Such country shall be considered as still a member for purposes of such Articles but shall have no voting rights.

Article 44

Temporary suspension of operations

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

Article 45

Termination of operations

1. The Bank may terminate its operations by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
2. After such termination, 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.

Article 46

Liability of members and payment of claims

1. In the event of termination of the operation of the Bank, the liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their currencies shall continue until all claims of creditors, including all contingent claims shall have been discharged.
2. All creditors holding direct claims shall first be paid out of the assets of the Bank and then out of payments to the Bank or unpaid or callable subscriptions. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary, in its judgment, to ensure a pro rata distribution among holders of direct and contingent claims.

Article 47

Distribution of assets

1. 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 have been discharged or provided for. Moreover, such distribution must be approved by the Board of Governors by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
2. Any distribution of the assets of the Bank to the members shall be in proportion to the 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 asset. 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.

3. 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.

Chapter VIII – Status, immunities, exemptions and privileges

Article 48

Purpose of chapter

To enable the Bank effectively to fulfil its purpose and carry out the functions entrusted to it, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Bank in the territory of each member.

Article 49

Legal status

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

- (i) to contract;
- (ii) to acquire, and dispose of, immovable and movable property; and
- (iii) to institute legal proceedings.

Article 50

Immunity from judicial proceedings

1. The Bank shall enjoy immunity from every form of legal process, except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of securities, in which cases actions may be brought against the Bank in a court of competent jurisdiction in the territory of a country in which the Bank has its principal or a branch office, or has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.

2. Notwithstanding the provisions of paragraph 1 of this Article, no action shall be brought against the Bank by any member, or by any agency or instrumentality of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member or from any agency or instrumentality of a member. Members shall have recourse to such special procedures for the settlement of controversies between the Bank and its members as may be prescribed in this Agreement, in the by-laws and regulations of the Bank, or in contracts entered into with the Bank.

3. 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.

Article 51

Immunity of assets

Property and assets of the Bank, 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.

Article 52

Immunity of archives

The archives of the Bank, and, in general, all documents belonging to it, or held by it, shall be inviolable, wherever located.

*Article 53****Freedom of assets from restrictions***

To the extent necessary to carry out the purpose and functions of the Bank effectively, 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.

*Article 54****Privilege for communications***

Official communications of the Bank shall be accorded by each member treatment not less favourable than that it accords to the official communications of any other member.

*Article 55****Immunities and privileges of Bank personnel***

All Governors, Directors, alternates, officers and employees of the Bank, including experts performing missions for 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 the immunity;
- (ii) where they are not local citizens or nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by members to the representatives, officials and employees of comparable rank of other members; and
- (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.

*Article 56****Exemption from taxation***

1. The Bank, its assets, property, income and its operations and transactions, shall be exempt from all taxation and from all customs duties. The Bank shall also be exempt from any obligation for the payment, withholding or collection of any tax or duty.
2. No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to Directors, alternates, officers or employees of the Bank, including experts performing missions for the Bank, except where a member deposits with its instrument of ratification or acceptance a declaration that such member retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to citizens or nationals of such member.
3. 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.
4. 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.

*Article 57****Implementation***

Each member, in accordance with its juridical system, shall promptly take such action as is necessary to make effective in its own territory the provisions set forth in the Chapter and shall inform the Bank of the action which it has taken on the matter.

*Article 58****Waiver of immunities, exemptions and privileges***

The Bank at its discretion may waive any of the privileges, immunities and exemptions conferred under this Chapter in any case or instance, in such manner and upon such conditions as it may determine to be appropriate in the best interests of the Bank.

Chapter IX – Amendments, interpretation, arbitration*Article 59****Amendments***

1. This Agreement may be amended only by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
2. Notwithstanding the provisions of paragraph 1 of this Article, 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;
 - (ii) the limitations on liability provided in paragraphs 6 and 7 of Article 5; and
 - (iii) the rights pertaining to purchase of capital stock provided in paragraph 2 of Article 5.
3. Any proposal to amend this Agreement, whether emanating from a member 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 adopted, the Bank shall so certify in an official communication addressed to all members. Amendments shall enter into force for all members three (3) months after the date of the official communication unless the Board of Governors specifies therein a different period.

*Article 60****Interpretation or application***

1. Any question of interpretation or application of the provisions of this Agreement arising between any member and the Bank, or between two or more members of the Bank, shall be submitted to the Board of Directors for decision. If there is no Director of its nationality on that Board, a member particularly affected by the question under consideration shall be entitled to direct representation in the Board of Directors during such consideration; the representative of such member shall, however, have no vote. Such right of representation shall be regulated by the Board of Governors.
2. In any case where the Board of Directors has given a decision under paragraph 1 of this Article, any member may require that the question be referred 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 necessary, act on the basis of the decision of the Board of Directors.

*Article 61****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 resolution to terminate the operations 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 President of the International Court of Justice or such other authority as may have been prescribed by regulations adopted by the Board of Governors. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties. 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 62

Approval deemed given

Whenever the approval of any member is required before any act may be done by the Bank, 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.

Chapter X – Final provisions

Article 63

Signature and deposit

1. The original of this Agreement in a single copy in the English language shall remain open for signature at the United Nations Economic Commission for Asia and the Far East, in Bangkok, until 31 January 1966 by Governments of countries listed in Annex A to this Agreement. This document shall thereafter be deposited with the Secretary-General of the United Nations (hereinafter called the „Depository“).
2. The Depository shall send certified copies of this Agreement to all the Signatories and other countries which become members of the Bank.

Article 64

Ratification or acceptance

1. This Agreement shall be subject to ratification or acceptance by the Signatories. Instruments of ratification or acceptance shall be deposited with the Depository not later than 30 September 1966. The Depository shall duly notify the other Signatories of each deposit and the date thereof.
2. A Signatory whose instrument of ratification or acceptance is deposited before the date on which this Agreement enters into force, shall become a member of the Bank, on that date. Any other Signatory which complies with the provisions of the preceding paragraph, shall become a member of the Bank on the date on which its instrument of ratification or acceptance is deposited.

Article 65

Entry into force

This Agreement shall enter into force when instruments of ratification or acceptance have been deposited by at least fifteen (15) Signatories (including not less than ten [10] regional countries) whose initial subscriptions, as set forth in Annex A to this Agreement, in the aggregate comprise not less than sixty-five (65) per cent of the authorized capital stock of the Bank.

Article 66

Commencement of operations

1. As soon as this Agreement enters into force, each member shall appoint a Governor, and the Executive Secretary of the United Nations Economic Commission for Asia and the Far East shall call the inaugural meeting of the Board of Governors.

2. At its inaugural meeting, the Board of Governors:
 - (i) shall make arrangements for the election of Directors of the Bank in accordance with paragraph 1 of Article 30 of this Agreement; and
 - (ii) shall make arrangements for the determination of the date on which the Bank shall commence its operations.
3. The Bank shall notify its members of the date of the commencement of its operations.

DONE at the City of Manila, Philippines, on 4 December 1965, in a single copy in the English language which shall be brought to the United Nations Economic Commission for Asia and the Far East, Bangkok, and thereafter deposited with the Secretary-General of the United Nations, New York, in accordance with Article 63 of this Agreement.

*

ANNEX A

**Initial subscriptions to the authorized capital stock for countries
which may become members in accordance with Article 64**

Part A. Regional countries

I

<i>Country</i>		<i>Amount of subscription (in million US dollars)</i>
1.	Afghanistan	3.36
2.	Australia	85.00
3.	Cambodia	3.00
4.	Ceylon	8.52
5.	China, Republic of	16.00
6.	India	93.00
7.	Iran	60.00
8.	Japan	200.00
9.	Korea, Republic of	30.00
10.	Laos	0.42
11.	Malaysia	20.00
12.	Nepal	2.16
13.	New Zealand	22.56
14.	Pakistan	32.00
15.	Philippines	35.00
16.	Republic of Viet Nam	7.00
17.	Singapore	4.00
18.	Thailand	20.00
19.	Western Samoa	0.06
Total		642.08

II

The following regional countries may become Signatories of this Agreement in accordance with Article 63, provided that at the time of signing, they shall respectively subscribe to the capital stock of the Bank in the following amounts:

<i>Country</i>		<i>Amount of subscription (in million US dollars)</i>
1.	Burma	7.74
2.	Mongolia	0.18
Total		7.92

Part B. Non-regional countries

I

<i>Country</i>		<i>Amount of subscription (in million US dollars)</i>
1.	Belgium	5.00
2.	Canada	25.00
3.	Denmark	5.00
4.	Germany, Federal Republic of	30.00
5.	Italy	10.00
6.	Netherlands	11.00
7.	United Kingdom	10.00
8.	United States	200.00
Total		296.00

II

The following non-regional countries which participated in the meeting of the Preparatory Committee on the Asian Development Bank in Bangkok from 21 October to 1 November 1965 and which there indicated interest in membership in the Bank, may become Signatories of this Agreement in accordance with Article 63, provided that at the time of signing, each such country shall subscribe to the capital stock of the Bank in an amount which shall not be less than five million dollars (\$5,000,000):

- | | |
|------------|-----------|
| 1. Austria | 3. Norway |
| 2. Finland | 4. Sweden |

III

On or before 31 January 1966, any of the non-regional countries listed in Part B(I) of this Annex may increase the amount of its subscription by so informing the Executive Secretary of the United Nations Economic Commission for Asia and the Far East in Bangkok, provided, however, that the total amount of the initial subscriptions of the non-regional countries listed in Part B(I) and (II) of this Annex shall not exceed the amount of three hundred and fifty million dollars (\$350,000,000).

With (i) increases of \$4,000,000, \$10,000,000 and \$20,000,000, respectively, in the subscriptions of the Federal Republic of Germany (currently Germany), Italy and the United Kingdom authorized under Part B III of Annex A, (ii) increases in the subscriptions of Afghanistan, Cambodia, Republic of Viet Nam (currently Socialist Republic of Viet Nam) and Singapore authorized by Resolution No. 4 of the Board of Governors, (iii) admission to membership of Indonesia, Switzerland, Hong Kong, France, Fiji, Papua New Guinea, Tonga, Bangladesh, Solomon Islands, Burma (currently the Union of Myanmar), Kiribati, Cook Islands, Maldives, Vanuatu, Bhutan, Spain, the People's Republic of China, Marshall Islands, Federated States of Micronesia, Turkey, Mongolian People's Republic (currently Mongolia), Republic of Nauru, Tuvalu, Kazakhstan and Kyrgyz Republic, authorized by Resolution Nos. 4, 11, 23, 31, 32, 38, 48, 54, 57, 63, 74, 95, 113, 138, 148, 168, 176, 201, 202, 205, 206, 212, 219, 224 and 225, respectively, of the Board of Governors, (iv) additional subscriptions of members under Resolution Nos. 46, 104; and 158 of the Board of Governors, and (v) increase in the subscriptions of Canada, Finland, France, the Federal Republic of Germany (currently Germany), Indonesia, Italy, Japan, Republic of Korea, Malaysia, Netherlands, Sweden, Switzerland, United States and Western Samoa authorized by Resolution Nos. 55, 79, 80, 89, 99, 100, 112, 114, 174, 193, 194 and 195 of the Board of Governors, the following is the list of subscriptions:

Subscriptions to the authorized capital stock of the Asian Development Bank

As of 31 December 1994¹

Amount of Subscription (in million)

	<i>Expressed in terms of the US dollar of the weight and fineness in effect on 31 January 1966 i.e. 0.888671 gram of fine gold</i>	<i>Expressed in terms of the SDR at the value in current United States dollars of \$1.45985 per SDR</i>
Part A. Regional countries		
Afghanistan, Republic of	\$ 11.95	\$ 17.44
Australia	1,023.70	1,494.45
Bangladesh	361.28	527.41
Bhutan	1.10	1.61
Cambodia	8.75	12.77
China, People's Republic of	1,140.00	1,664.23
Cook Islands	0.47	0.69
Fiji	12.03	17.56
Hong Kong	96.35	140.66
India	1,120.05	1,635.10
Indonesia	963.50	1,406.57
Japan	5,522.10	8,061.44
Kazakhstan	142.68	208.29
Kiribati	0.71	1.04
Korea, Republic of	891.23	1,301.06
Kyrgyz Republic	52.91	77.24
Lao People's Democratic Republic	2.46	3.59
Malaysia	481.75	703.28
Maldives	0.71	1.04
Marshall Islands	0.47	0.69
Micronesia, Federated States of	0.71	1.04
Mongolia	2.66	3.88
Myanmar	96.35	140.66
Nauru, Republic of	0.71	1.04
Nepal	26.01	37.97
New Zealand	271.70	396.64
Pakistan	770.80	1,125.25
Papua New Guinea	16.60	24.23
Philippines	421.52	615.36
Singapore	60.20	87.88
Solomon Islands	1.18	1.72
Sri Lanka, Democratic Socialist Republic of	102.60	149.78
Taipei, China	192.70	281.31
Thailand	481.74	703.27
Tonga	0.71	1.04
Tuvalu	0.25	0.36
Vanuatu	1.18	1.72
Viet Nam, Socialist Republic of	60.38	88.15
Western Samoa	0.58	0.85
Total	14,342.78	20,938.31

¹ At exchange rate adopted as of 31 December 1994

	<i>Expressed in terms of the US dollar of the weight and fineness in effect on 31 January 1966 i.e. 0.888671 gram of fine gold</i>	<i>Expressed in terms of the SDR at the value in current United States dollars of \$1.45985 per SDR</i>
Part B. Non-regional countries		
Austria	60.20	87.88
Belgium	60.20	87.88
Canada	925.43	1,350.99
Denmark	60.20	87.88
Finland	60.20	87.88
France	411.78	601.14
Germany	765.34	1,117.29
Italy	319.75	466.79
Netherlands	181.47	264.92
Norway	60.20	87.88
Spain	60.20	87.88
Sweden	60.20	87.88
Switzerland	103.25	150.73
Turkey	60.20	87.88
United Kingdom	361.31	527.46
United States	2,781.05	4,030.72
Total	6,310.98	9,213.08
Grand Total	\$ 20,653.76	\$ 30,151.39

*

ANNEX B

Election of Directors*Section A. – Election of Directors by Governors representing regional members*

1. Each Governor representing a regional member shall cast all votes of the member he represents for a single person.
2. The seven (7) persons receiving the highest number of votes shall be Directors, except that no person who received less than ten (10) per cent of the total voting power of regional members shall be considered as elected.
3. If seven (7) persons are not elected at the first ballot, a second ballot shall be held in which the person who received the lowest number of votes in the preceding ballot shall be ineligible and in which votes shall be cast only by:
 - (a) Governors who voted in the preceding ballot for a person who is not elected; and
 - (b) Governors whose votes for a person who is elected are deemed, in accordance with paragraph (4) of this Section, to have raised the votes cast for that person above eleven (11) per cent of the total voting power of regional members.
4. (a) In determining whether the votes-cast by a Governor shall be deemed to have raised the total number of votes for any person above eleven (11) per cent, the said eleven (11) per cent shall be deemed to include, first, the votes of the Governor casting the highest number of votes for that person, and then, in diminishing order, the votes of each Governor casting the next highest number until eleven (11) per cent is attained.
 - (b) Any Governor, part of whose votes must be counted in order to raise the votes cast for any person above ten (10) per cent, shall be considered as casting all his votes for that person even if the total number of votes cast for that person thereby exceeds eleven (11) per cent.
5. If, after the second ballot, seven (7) persons are not elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, except that after six (6) persons are elected, the seventh may be elected – notwithstanding the provisions of paragraph (2) of this Section – by a simple majority of the remaining votes of regional members. All such remaining votes shall be deemed to have counted towards the election of the seventh Director.
6. In case of an increase in the number of Directors to be elected b, Governors representing regional members, the minimum and maximum percentages specified in paragraphs (2), (3) and (4) of Section A of this Annex shall be correspondingly adjusted by the Board of Governors.

Section B. – Election of Directors by Governors representing non-regional members

1. Each Governor representing a non-regional member shall cast all votes of the member he represents for a single person.
2. The three (3) persons receiving the highest number of votes shall be Directors, except that no person who receives less than twenty-five (25) per cent of the total voting power of non-regional members shall be considered as elected.

At its Second Annual Meeting the Board of Governors reviewed the size and composition of the Board of Directors in conformity with the provisions of Article 30.1 (ii) and decided that effective from the Fourth Annual Meeting, eight (8) Directors shall be elected by the Governors representing regional members and that the minimum and maximum percentages specified in paragraphs 2, 3 and 4 of Section (A) of Annex B shall be adjusted at that meeting to 8% and 10% respectively (Resolution No. 27 of the Board of Governors).

3. If three (3) persons are not elected at the first ballot, a second ballot shall be held in which the person who received the lowest number of votes in the preceding ballot shall be ineligible and in which votes shall be cast only by:
 - (a) Governors who voted in the preceding ballot for a person who is not elected; and
 - (b) Governors whose votes for a person who is elected are deemed, in accordance with paragraph (4) of this Section, to have raised the votes cast for that person above twenty-six (26) per cent of the total voting power of non-regional members.
4. (a) In determining whether the votes cast by a Governor shall be deemed to have raised the total number of votes for any person above twenty-six (26) per cent, the said twenty-six (26) per cent shall be deemed to include, first, the votes of the Governor casting the highest number of votes for that person, and then, in diminishing order, the votes of each Governor casting the next highest number until twenty-six (26) per cent is attained.
 - (b) Any Governor, part of whose votes must be counted in order to raise the votes cast for any person above twenty-five (25) per cent, shall be considered as casting all his votes for that person even if the total number of votes cast for that person thereby exceeds twenty-six (26) per cent.
5. If, after the second ballot, three (3) persons are not elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, except that after two (2) persons are elected, a third may be elected – provided that subscriptions from non-regional members shall have reached a minimum total of three hundred forty-five million dollars (\$345,000,000) and notwithstanding the provisions of paragraph (2) of this Section – by a simple majority of the remaining votes. All such remaining votes shall be deemed to have counted towards the election of the third Director.
6. In case of an increase in the number of Directors to be elected by Governors representing non-regional members, the minimum and maximum percentages specified in paragraphs (2), (3) and (4) of Section B of this Annex shall be correspondingly adjusted by the Board of Governors.

At its Second Annual Meeting the Board of Governors reviewed the size and composition of the Board of Directors in conformity with the provisions of Article 30.1 (ii) and decided that effective from the Fourth Annual Meeting, four (4) Directors shall be elected by the Governors representing non-regional members and that the minimum and maximum percentages specified in paragraph 2, 3 and 4 of Section (B) of Annex B shall be adjusted at that meeting to 16% and 19% respectively (Resolution No. 27 of the Board of Governors). Subsequently, the Board of Governors amended the minimum percentage from 16% to 17% (Resolution No. 37).

Service Central des Imprimés de l'Etat

5105/01

N° 5105¹

CHAMBRE DES DEPUTES

Session ordinaire 2002-2003

PROJET DE LOI**relatif à l'adhésion du Luxembourg à la Banque Asiatique
de Développement**

* * *

AVIS DU CONSEIL D'ETAT

(29.4.2003)

Par dépêche du 25 février 2003, le Premier Ministre, Ministre d'Etat, a soumis à l'avis du Conseil d'Etat le projet de loi relatif à l'adhésion du Luxembourg à la Banque Asiatique de Développement, élaboré par le ministre du Trésor et du Budget. Au texte du projet de loi étaient joints l'exposé des motifs ainsi que le commentaire des articles.

Les statuts de la Banque Asiatique de Développement ont été communiqués au Conseil d'Etat par une dépêche du 1er avril 2003. Ces statuts devront figurer en annexe au projet de loi sous avis pour être soumis au vote de la Chambre des députés et publiés au Mémorial.

Dans sa résolution No 291 adoptée le 8 décembre 2002, le Conseil des Gouverneurs de la Banque Asiatique de Développement (BAsD) a unanimement admis la demande d'adhésion du Luxembourg. En vue de pouvoir accueillir le Luxembourg comme Etat membre à l'Assemblée annuelle de la BAsD, les 21-23 mai 2003 à Istanbul (Turquie), les auteurs du projet de loi relèvent que la date limite pour le dépôt de l'instrument d'acceptation et le paiement de la première tranche du capital social a été fixée au 30 avril 2003.

A l'exposé des motifs-commentaire des articles, il est mentionné que l'initiative du Luxembourg de vouloir participer au capital social de la BAsD est inspirée d'abord par l'objectif d'accroître substantiellement l'aide publique au développement du Luxembourg. A ce sujet, la participation aux projets des programmes de la BAsD s'offre comme opportunité pour la coopération luxembourgeoise. En outre et à côté de cet aspect relevant directement de la politique d'aide au développement et de la lutte contre la pauvreté, il y a lieu de noter qu'au cours des dernières années des entreprises luxembourgeoises ont été de plus en plus intéressées par des projets initiés dans la région Asie/Pacifique ce qui a amené le Gouvernement à vouloir devenir membre de la Banque de Développement susmentionnée. En effet, les possibilités de participation aux appels d'offres de cette institution pour des travaux ou des consultances pourront se présenter plus facilement dorénavant aux entreprises intéressées à prendre pied dans des marchés émergents et prometteurs pour l'économie luxembourgeoise.

La Banque Asiatique de Développement a été créée le 22 août 1966 et appartient à la famille des banques régionales de développement telles que la Banque Africaine et la Banque Interaméricaine. Parmi ses objectifs primordiaux figurent la réduction de la pauvreté en Asie, l'encouragement d'une croissance économique soutenable, le développement social ainsi que le respect d'une bonne gouvernance. Les auteurs du projet de loi citent parmi les principaux bénéficiaires des prêts de la BAsD l'Inde, la Chine, le Pakistan, l'Indonésie, le Bangladesh et le Vietnam. La BAsD compte actuellement 61 pays membres, dont 44 en Asie/Pacifique et 17 pays qui ne sont pas de la région, parmi lesquels les membres de l'Union européenne, à l'exception de la Grèce, de l'Irlande et du Luxembourg.

Le Conseil d'Etat marque son accord avec la démarche et les objectifs poursuivis par les auteurs du projet de loi.

Quant au texte du projet de loi, son *article 1er* a pour objet d'approuver les statuts de la Banque Asiatique de Développement ainsi que d'autoriser le Gouvernement à prendre les mesures nécessaires pour que le Luxembourg devienne membre de la Banque. Le Conseil d'Etat propose d'amender la rédaction

de cet article en remplaçant „en tenant compte“ par „compte tenu“ et en supprimant le bout de phrase „et le Gouvernement est autorisé à prendre les mesures nécessaires pour que le Luxembourg devienne membre de la Banque Asiatique de Développement“, qui est superfétatoire.

Quant au texte de l'article 2, compte tenu de l'amendement proposé ci-avant, le Conseil d'Etat suggère de supprimer les mots „A cet effet,“ en début de l'article. Cet article autorise expressément, sous son *point a)*, le Gouvernement à participer au capital de la Banque Asiatique de Développement par la souscription de 12.040 parts sociales, dont 847 sont à libérer et 11.193 sont appelables. A noter que la valeur de chaque part est fixée à 12.063,50 USD et que le prix des parts à libérer équivaut à 10.217.785 USD.

Sous le *point b)* de cet article, le Gouvernement est autorisé à participer à la septième reconstitution du Fonds Asiatique de Développement par une contribution requise du Luxembourg en euros équivalant à 35.000.000 USD.

Le Conseil d'Etat n'a pas d'observation à marquer quant à la rédaction de ce point b).

En ce qui concerne les amendements futurs aux statuts de la Banque Asiatique de Développement, le Conseil d'Etat tient à relever que l'article 59 des statuts prévoit que ces statuts ne peuvent être modifiés que par une résolution du Conseil des gouverneurs adoptée à la majorité des deux tiers du nombre total des gouverneurs, représentant les trois quarts au moins du nombre total des voix attribuées aux pays membres. L'accord unanime du Conseil des gouverneurs est toutefois requis pour l'approbation de tout amendement qui tend à modifier le droit de retrait de la Banque, les limitations de la responsabilité prévues aux paragraphes 6 et 7 de l'article 5 des statuts ainsi que les droits relatifs à l'achat d'actions visés au paragraphe 2 de l'article 5.

Toute proposition tendant à modifier les statuts, qu'elle émane d'un pays membre ou du Conseil d'administration, est communiquée au Président du Conseil des gouverneurs, qui en saisit ledit Conseil. Après l'adoption de l'amendement, la Banque notifie l'ensemble des pays membres par une communication officielle. Les modifications entrent en vigueur pour tous les pays membres trois mois après la date de la communication officielle, à moins que le Conseil des gouverneurs n'en dispose autrement.

Ainsi, le pouvoir de décision quant à l'acceptation de l'amendement n'appartient plus à chacun des Etats parties, mais à une institution de droit international, en l'occurrence le Conseil des gouverneurs, qui dispose de ce fait d'une large autonomie. On se trouve dès lors dans l'hypothèse d'une dévolution par traité de pouvoirs souverains à une institution de droit international, tel que le prévoit l'article 49bis de la Constitution luxembourgeoise. Dans ces conditions, le Conseil d'Etat estime que la loi d'approbation sous examen doit être votée dans les conditions de l'article 114, alinéa 5 de la Constitution, auquel renvoie l'article 37, alinéa 2 de la Constitution pour les traités qui portent dévolution de pouvoirs souverains.

Ainsi délibéré en séance plénière, le 29 avril 2003.

Le Secrétaire général,
Marc BESCH

Le Président ff.,
Pierre MORES
Vice-Président

5105/02

N° 5105²

CHAMBRE DES DEPUTES

Session ordinaire 2002-2003

PROJET DE LOIrelatif à l'adhésion du Luxembourg à la Banque Asiatique
de Développement

* * *

**RAPPORT DE LA COMMISSION DES FINANCES
ET DU BUDGET**

(6.6.2003)

La Commission se compose de: M. Lucien WEILER, Président; M. Lucien CLEMENT, Rapporteur; MM. François BAUSCH, Alex BODRY, Emile CALMES, Gusty GRAAS, Gast GIBERYEN, Norbert HAUPERT, Jeannot KRECKE, Jean-Paul RIPPINGER, Serge URBANY et Claude WISELER, Membres.

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A. CONTEXTE DE L'ADHESION LUXEMBOURGEOISE

Le Luxembourg est l'un des trois pays membres de l'Union européenne qui ne sont pas encore membres de la Banque Asiatique de Développement, en abrégé BAsD. Cette banque régionale de développement œuvre notamment en vue de la réduction de la pauvreté en Asie, continent qui compte toujours le nombre le plus élevé de personnes démunies au monde.

La BAsD met l'accent de son activité sur la croissance économique soutenable, le développement social et la bonne gouvernance. Elle soutient par ailleurs la protection de l'environnement, la coopération régionale, les réformes juridiques et institutionnelles, ainsi que le développement du secteur privé.

La BAsD compte actuellement 61 membres, dont 44 sont des pays asiatiques. Fondée en 1966, la banque a connu un développement considérable.

Si le Luxembourg n'a jusqu'à présent pas adhéré à des banques régionales autres que la Banque européenne de reconstruction et de développement et la Banque européenne d'investissement, il existe aujourd'hui de bonnes raisons pour étendre le réseau des adhésions luxembourgeoises à des institutions bancaires multinationales.

Ainsi par exemple, parmi les principaux pays bénéficiaires de prêts de la BAsD figure le Vietnam, pays cible de la coopération luxembourgeoise. Le Luxembourg a identifié deux pays cibles en Asie, le Vietnam et le Laos, et il semble indiqué de prolonger l'intervention bilatérale en faveur de ces pays par la participation à des institutions régionales. Par ailleurs, les objectifs de la BAsD sont parfaitement compatibles avec ceux de la politique de coopération luxembourgeoise. Dans ce contexte, l'adhésion à cette banque doit être conçue comme un élargissement de l'arsenal opérationnel de la politique de développement de notre pays.

Au-delà de la politique de coopération proprement dite, il importe de relever que nombreuses sont les entreprises luxembourgeoises déjà présentes sur les marchés asiatiques, ou désireuses de s'y établir. Le gouvernement a été sollicité par quelques entreprises en vue d'une adhésion à la BAsD, ceci afin de leur permettre de participer à l'avenir à des appels d'offre lancés par la banque. Il appert ainsi que l'entrée du Grand-Duché dans le capital de la BAsD comporte encore une dimension de soutien aux entreprises luxembourgeoises désireuses de s'implanter dans une région économiquement prometteuse, et d'intensification des échanges commerciaux avec les pays asiatiques.

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B. TENEUR DU PROJET DE LOI

Le projet de loi comporte deux articles, une première disposition par laquelle le Luxembourg accepte les statuts de la BASD dans l'état où ils se trouvent au jour de l'entrée en vigueur de la loi, et une deuxième régissant les modalités financières de l'adhésion luxembourgeoise.

Pratiquement, le Luxembourg souscrira 12.040 parts sociales dans le capital de la BASD, nombre qui constitue la limite inférieure pour les pays membres non régionaux, c'est-à-dire non asiatiques. Ceci placera notre pays à pied d'égalité avec d'autres pays européens de taille moyenne, comme l'Autriche, la Belgique, le Danemark et l'Espagne. Concrètement, en termes de droits de vote, le Luxembourg disposera donc d'un poids autrement plus important que celui qui est le sien, par exemple, au sein de la Banque Mondiale.

Sept pour cent du capital souscrit doivent être libérés, de manière à ce que, sur base d'une valeur unitaire de 12.063,5 dollars américains par part sociale, la participation luxembourgeoise dans le capital de la BASD coûtera l'équivalent en euros de 10.217.785 dollars. Le paiement s'effectuera en quatre tranches annuelles, étalées de 2003 à 2006, et composées à raison de 43 pour cent d'un paiement en espèces et de 57 pour cent de bons du trésor, qui sont amortissables sur cinq ans.

La charge budgétaire résultante est de l'équivalent en euros de 2.263.239 dollars entre 2003 et 2006, et de la valeur en euros de 1.164.828 dollars en 2007.

Parallèlement à l'adhésion du Luxembourg à la BASD, celui-ci devra verser une contribution au Fonds Asiatique de Développement, qui est le gestionnaire des prêts accordés par la BASD. Cette contribution sera de 35 millions de dollars, et sera effectuée en bons du trésor. Le paiement est réparti en deux tranches annuelles, en 2003 et en 2004, et les bons sont amortissables sur la période 2003-2007.

Il convient finalement de relever que le Conseil des Gouverneurs a unanimement adopté, en date du 8 décembre 2002, une résolution admettant l'adhésion luxembourgeoise à la BASD. L'adhésion luxembourgeoise pourra donc devenir effective dès l'entrée en vigueur de la présente loi.

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C. AVIS DU CONSEIL D'ETAT

Le Conseil d'Etat, dans son avis relatif au projet de loi faisant l'objet du présent rapport, a marqué son accord avec la démarche et les objectifs poursuivis par le projet.

Il a suggéré quelques amendements rédactionnels auxquels la Commission des Finances et du Budget se rallie.

Par ailleurs, le Conseil d'Etat a attiré l'attention de la Commission sur le fait que des modifications statutaires peuvent être décidées par le Conseil des Gouverneurs de la BASD, sans l'intervention des Etats membres. La loi par laquelle un Etat membre entre dans le capital de la BASD et partant y adhère ne fait cependant qu'accepter les statuts de la banque au moment de son entrée en vigueur, de sorte que, partant des règles internes de l'institution, toute modification ultérieure de ses statuts n'est plus explicitement acceptée par les Etats membres. Ces modifications sont donc effectuées par une organisation de droit international, aux pouvoirs autonomes larges.

Dans ces conditions, le Conseil d'Etat a estimé que l'on se trouve dans l'hypothèse d'une dévolution par traité de pouvoirs souverains au sens de l'article 49bis de la Constitution. Dès lors, la Haute Corporation estime que le vote du projet de loi avisé devra se faire dans les conditions de l'article 114, alinéa 5 de la Constitution, qui sont applicables à des traités portant dévolution de pouvoirs souverains.

Le Ministère du Trésor et du Budget et la Commission des Finances et du Budget se rallient à cette appréciation du Conseil d'Etat, de manière à ce que la commission invite la Chambre à procéder à un vote par majorité spéciale.

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Après examen du projet de loi et de l'avis du Conseil d'Etat, et en tenant compte des remarques formulées ci-dessus, la Commission des Finances et du Budget recommande à la Chambre des Députés d'adopter le projet de loi dans la teneur suivante:

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PROJET DE LOI
relatif à l'adhésion du Luxembourg à la Banque Asiatique
de Développement

Art. 1er.— Les statuts de la Banque Asiatique de Développement, tels qu'ils sont en vigueur depuis le 22 août 1966 compte tenu des modifications intervenues jusqu'à la date d'entrée en vigueur de la présente loi, sont approuvés.

Art. 2.— Le Gouvernement est autorisé à participer

- a) au capital de la Banque Asiatique de Développement par la souscription de 12.040 parts sociales, dont 847 sont à libérer et 11.193 sont appelables; comme la valeur de chaque part est fixée à 12.063,50 dollars des Etats-Unis d'Amérique, le prix des parts à libérer équivaut à 10.217.785 dollars.
- b) à la septième reconstitution du Fonds Asiatique de Développement (FAD VIII) par une contribution en euros équivalente à 35.000.000 dollars des Etats-Unis d'Amérique.

Luxembourg, le 6 juin 2003

Le Rapporteur,
Lucien CLEMENT

Le Président,
Lucien WEILER

Service Central des Imprimés de l'Etat

5105/03

N° 5105³

CHAMBRE DES DEPUTES

Session ordinaire 2002-2003

PROJET DE LOI

relatif à l'adhésion du Luxembourg à la Banque Asiatique
de Développement

* * *

DISPENSE DU SECOND VOTE CONSTITUTIONNEL
PAR LE CONSEIL D'ETAT

(1.7.2003)

Le Conseil d'Etat,

appelé par dépêche du Premier Ministre, Ministre d'Etat, du 24 juin 2003 à délibérer sur la question de
dispense du second vote constitutionnel du

PROJET DE LOI

**relatif à l'adhésion du Luxembourg à la Banque Asiatique
de Développement**

qui a été adopté par la Chambre des députés dans sa séance du 17 juin 2003 et dispensé du second vote
constitutionnel;

Vu ledit projet de loi et l'avis émis par le Conseil d'Etat en sa séance du 29 avril 2003;

se déclare d'accord

avec la Chambre des députés pour dispenser le projet de loi en question du second vote prévu par
l'article 59 de la Constitution.

Ainsi décidé en séance publique du 1er juillet 2003.

Le Secrétaire général,
Marc BESCH

Le Président,
Pierre MORES

Service Central des Imprimés de l'Etat

5105

MEMORIAL

Journal Officiel
du Grand-Duché de
Luxembourg



MEMORIAL

Amtsblatt
des Großherzogtums
Luxemburg

RECUEIL DE LEGISLATION

A — N° 147

30 septembre 2003

Sommaire

BANQUE ASIATIQUE DE DEVELOPPEMENT

Republication de la loi du 7 juillet 2003 relative à l'adhésion du Luxembourg à la Banque Asiatique
de Développement page 2958

**Republication de la loi du 7 juillet 2003 relative à l'adhésion du Luxembourg
à la Banque Asiatique de Développement.**

(Publication initiale au Mémorial A - N° 103 du 25 juillet 2003, page 2250)

Nous Henri, Grand-Duc de Luxembourg, Duc de Nassau,
Notre Conseil d'Etat entendu;
De l'assentiment de la Chambre des Députés exprimé de la manière prévue par l'article 114 de la Constitution;
Vu la décision de la Chambre des Députés du 17 juin 2003 et celle du Conseil d'Etat du 1^{er} juillet 2003 portant qu'il n'y a pas lieu à second vote;

Avons ordonné et ordonnons:

Art. 1^{er}. Les statuts de la Banque Asiatique de Développement, tels qu'ils sont en vigueur depuis le 22 août 1966 compte tenu des modifications intervenues jusqu'à la date d'entrée en vigueur de la présente loi, sont approuvés.

Art. 2. Le Gouvernement est autorisé à participer

- a) au capital de la Banque Asiatique de Développement par la souscription de 12.040 parts sociales, dont 847 sont à libérer et 11.193 sont appelables; comme la valeur de chaque part est fixée à 12.063,50 dollars des Etats-Unis d'Amérique, le prix des parts à libérer équivaut à 10.217.785 dollars.
- b) à la septième reconstitution du Fonds Asiatique de Développement (FAD VIII) par une contribution en euros équivalente à 35.000.000 dollars des Etats-Unis d'Amérique.

Mandons et ordonnons que la présente loi soit insérée au Mémorial pour être exécutée et observée par tous ceux que la chose concerne.

Le Ministre du Trésor et du Budget,
Luc Frieden

Palais de Luxembourg, le 7 juillet 2003.
Henri

Doc. parl. 5105; sess. ord. 2002-2003

**STATUTS DE LA BANQUE ASIATIQUE DE DEVELOPPEMENT
AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK**

Notes

- (i) As provided in Article 65, the Agreement came into force on 22 August 1966.
- (ii) Certain printing errors in the original text deposited with the Secretary-General of the United Nations were formally corrected in a Process-Verbal of Rectification issued by the Secretary-General on 17 November 1967. These corrections have been incorporated in the present publication.
- (iii) In accordance with Article 66, the Inaugural Meeting was held at Tokyo from 24 to 26 November 1966 and pursuant to Resolution No. 9 of the Board of Governors, the Bank commenced operations on 19 December 1966.
- (iv) With regard to Articles 4 and 5, the authorized capital stock was increased: (a) by \$100 million to \$1,100 million (Resolution No. 10 of the Board of Governors); (b) by \$1,650 million to \$2,750 million (Resolution No. 46 of the Board of Governors); (c) by \$40 million to \$2,790 million (Resolution No. 55 of the Board of Governors); (d) by \$137.5 million to \$2,927.5 million (Resolution No. 79 of the Board of Governors); (e) by \$50 million to \$2,977.5 million (Resolution No. 80 of the Board of Governors); (f) by \$70 million to \$3,047.5 million (Resolution No. 89 of the Board of Governors); (g) by \$25.1 million to \$3,072.6 million (Resolution No. 100 of the Board of Governors); (h) by \$4,148 million to \$7,220.6 million (Resolution No. 104 of the Board of Governors); (i) by \$7,547.5 million to \$14,768.1 million (Resolution No. 158 of the Board of Governors); (j) by \$295.2 million to \$15,063.3 million (Resolution No. 174 of the Board of Governors); (k) by \$1,140 million to \$16,203.3 million (Resolution No. 176 of the Board of Governors); (l) by \$621.9 million to \$16,825.2 million (Resolution No. 192 of the Board of Governors); (m) by \$0.5 million to \$16,825.7 million (Resolution No. 201 of the Board of Governors); (n) by \$0.7 million to \$16,826.4 million (Resolution No. 202 of the Board of Governors); (o) by \$60.2 million to \$16,886.6 million (Resolution No. 205 of the Board of Governors); (p) by \$2.7 million to \$16,889.3 million (Resolution No. 206 of the Board of Governors); (q) by \$0.7 million to \$16,890.0 million (Resolution No. 212 of the Board of Governors); (r) by \$0.2 million to \$16,890.2 million (Resolution No. 219 of the Board of Governors); (s) by \$142.7 million to \$17,032.9 million (Resolution No. 224 of the Board of Governors); (t) by \$52.9 million to \$17,085.8 million (Resolution No. 225 of the Board of Governors); and (u) by \$17,705.0 million to \$34,790.8 million (Resolution No. 232 of the Board of Governors).
- (v) With regard to Article 30, with effect from the Fourth Annual Meeting of the Board of Governors, the size of the Board of Directors was increased to twelve (12) members, eight (8) members elected by the Governors representing regional member countries and four (4) members elected by the Governors representing non-regional member countries (Resolution No. 27 as amended by Resolution No. 37 of the Board of Governors).
- (vi) The members of the Bank and their subscriptions to the authorized capital stock, as of 31 December 1994, are listed in the footnote to Annex A on pages 43 and 44.

CONTENTS:

Chapter

- I Purpose, functions and membership
 - II Capital
 - III Operations
 - IV Borrowing and other miscellaneous powers
 - V Currencies
 - VI Organization and management
 - VII Withdrawal and suspension of members, temporary suspension and termination of operations of the Bank
 - VIII Status, immunities, exemptions and privileges
 - IX Amendments, interpretation, arbitration
 - X Final provisions
- Annex A Initial subscriptions to the authorized capital stock for countries which may become members in accordance with article 64
- Annex B Election of Directors

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AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK

THE CONTRACTING PARTIES

Considering the importance of closer economic co-operation as a means for achieving the most efficient utilization of resources and for accelerating the economic development of Asia and the Far East;

Realizing the significance of making additional development financing available for the region by mobilizing such funds and other resources both from within and outside the region, and by seeking to create and foster conditions conducive to increased domestic savings and greater flow of development funds into the region;

Recognizing the desirability of promoting the harmonious growth of the economies of the region and the expansion of external trade of member countries;

Convinced that the establishment of a financial institution that is Asian in its basic character would serve these ends; HAVE AGREED to establish hereby the Asian Development Bank (hereinafter called the „Bank“)

which shall operate in accordance with the following:

Chapter I – Purpose, functions and membership*Article 1***Purpose**

The purpose of the Bank shall be to foster economic growth and co-operation in the region of Asia and the Far East (hereinafter referred to as the „region“) and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually. Wherever used in this Agreement, the terms „region of Asia and the Far East“ and „region“ shall comprise the territories of Asia and the Far East included in the Terms of Reference of the United Nations Economic Commission for Asia and the Far East.

*Article 2***Functions**

To fulfil its purpose, the Bank shall have the following functions:

- (i) to promote investment in the region of public and private capital for development purposes;
- (ii) to utilize the resources at its disposal for financing development of the developing member countries in the region, giving priority to those regional, sub-regional as well as national projects and programmes which will contribute most effectively to the harmonious economic growth of the region as a whole, and having special regard to the needs of the smaller or less developed member countries in the region;
- (iii) to meet requests from members in the region to assist them in the coordination of their development policies and plans with a view to achieving better utilization of their resources, making their economies more complementary, and promoting the orderly expansion of their foreign trade, in particular, intraregional trade;
- (iv) to provide technical assistance for the preparation, financing and execution of development projects and programmes, including the formulation of specific project proposals;
- (v) to co-operate, in such manner as the Bank may deem appropriate, within the terms of this Agreement, with the United Nations, its organs and subsidiary bodies including, in particular, the Economic Commission for Asia and the Far East, and with public international organizations and other international institutions, as well as

national entities whether public or private, which are concerned with the investment of development funds in the region, and to interest such institutions and entities in new opportunities for investment and assistance; and

- (vi) to undertake such other activities and provide such other services as may advance its purpose.

Article 3

Membership

1. Membership in the Bank shall be open to: (i) members and associate members of the United Nations Economic Commission for Asia and the Far East; and (ii) other regional countries and non-regional developed countries which are members of the United Nations or of any of its specialized agencies.
2. Countries eligible for membership under paragraph 1 of this Article which do not become members in accordance with Article 64 of this Agreement may be admitted, under such terms and conditions as the Bank may determine, to membership in the Bank upon the affirmative vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
3. In the case of associate members of the United Nations Economic Commission for Asia and the Far East which are not responsible for the conduct of their international relations, application for membership in the Bank shall be presented by the member of the Bank responsible for the international relations of the applicant and accompanied by an undertaking by such member that, until the applicant itself assumes such responsibility, the member shall be responsible for all obligations that may be incurred by the applicant by reason of admission to membership in the Bank and enjoyment of the benefits of such membership. „Country“ as used in this Agreement shall include a territory which is an associate member of the United Nations Economic Commission for Asia and the Far East.

Chapter II – Capital

Article 4

Authorized capital

1. The authorized capital stock of the Bank shall be one billion dollars (\$1,000,000,000) in terms of United States dollars of the weight and fineness in effect on 31 January 1966. The dollar wherever referred to in this Agreement shall be understood as being a United States dollar of the above value. The authorized capital stock shall be divided into one hundred thousand (100,000) shares having a par value of ten thousand dollars (\$10,000) each, which shall be available for subscription only by members in accordance with the provisions of Article 5 of this Agreement.
2. The original authorized capital stock shall be divided into paid-in shares and callable shares. Shares having an aggregate par value of five hundred million dollars (\$500,000,000) shall be paid-in shares, and shares having an aggregate par value of five hundred million dollars (\$500,000,000) shall be callable shares.
3. The authorized capital stock of the Bank may be increased by the Board of Governors, at such time and under such terms and conditions as it may deem advisable, by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.

Article 5

Subscription of shares

1. Each member shall subscribe to shares of the capital stock of the Bank. Each subscription to the original authorized capital stock shall be for paid-in shares and callable shares in equal parts. The initial number of shares to be subscribed by countries which become members in accordance with Article 64 of this Agreement shall be that set forth in Annex A hereof. The initial number of shares to be subscribed by countries which are admitted to membership in accordance with paragraph 2 of Article 3 of this Agreement shall be determined by the Board of Governors; provided, however, that no such subscription shall be authorized which would have the effect of reducing the percentage of capital stock held by regional members below sixty (60) per cent of the total subscribed capital stock.
2. The Board of Governors shall at intervals of not less than five (5) years review the capital stock of the Bank. In case of an increase in the authorized capital stock, each member shall have a reasonable opportunity to subscribe, under such terms and conditions as the Board of Governors shall determine, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total subscribed capital stock immediately prior to such increase; provided, however, that the foregoing provision shall not apply in respect of any increase or portion of an increase in the authorized capital stock intended solely to give effect to determinations of the Board of Governors under paragraphs 1 and 3 of this Article. No member shall be obligated to subscribe to any part of an increase of capital stock.
3. The Board of Governors may, at the request of a member, increase the subscription of such member on such terms and conditions as the Board may determine; provided, however, that no such increase in the subscription of any member shall be authorized which would have the effect of reducing the percentage of capital stock held by regional members below sixty (60) per cent of the total subscribed capital stock. The Board of Governors shall pay special regard to the request of any regional member having less than six (6) per cent of the subscribed capital stock to increase its proportionate share thereof.

4. Shares of stock initially subscribed by members shall be issued at par. Other shares shall be issued at par unless the Board of Governors by a vote of a majority of the total number of Governors, representing a majority of the total voting power of the members, decides in special circumstances to issue them on other terms.
5. Shares of stock shall not be pledged or encumbered in any manner whatsoever, and they shall not be transferable except to the Bank in accordance with Chapter VII of this Agreement.
6. The liability of the members on shares shall be limited to the unpaid portion of their issue price.
7. No member shall be liable, by reason of its membership, for obligations of the Bank.

Article 6

Payment of subscriptions

1. Payment of the amount initially subscribed by each Signatory to this Agreement which becomes a member in accordance with Article 64 to the paid-in capital stock of the Bank shall be made in five (5) instalments, of twenty (20) per cent each of such amount. The first instalment shall be paid by each member within thirty (30) days after entry into force of this Agreement, or on or before the date of deposit on its behalf of its instrument of ratification or acceptance in accordance with paragraph 1 of Article 64, whichever is later. The second instalment shall become due one (1) year from the entry into force of this Agreement. The remaining three (3) instalments shall each become due successively one (1) year from the date on which the preceding instalment becomes due.
2. Of each instalment for the payment of initial subscriptions to the original paid-in capital stock:
 - (a) Fifty (50) per cent shall be paid in gold or convertible currency; and
 - (b) Fifty (50) per cent in the currency of the member.
3. The Bank shall accept from any member promissory notes or other obligations issued by the Government of the member, or by the depository designated by such member, in lieu of the amount to be paid in the currency of the member pursuant to paragraph 2 (b) of this Article, provided such is not required by the Bank for the conduct of its operations. Such notes or obligations shall be non-negotiable, non-interest-bearing, and payable to the Bank at par value upon demand. Subject to the provisions of paragraph 2(ii) of Article 24, demands upon such notes or obligations payable in convertible currencies shall, over reasonable periods of time, be uniform in percentage on all such notes or obligations.
4. Each payment of a member in its own currency under paragraph 2(b) of this Article shall be in such amount as the Bank, after such consultation with the International Monetary Fund as the Bank may consider necessary and utilizing the par value established with the International Monetary Fund, if any, determines to be equivalent to the full value in terms of dollars 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 ninety (90) days of the date on which such payment was due, as the Bank shall determine to be necessary to constitute the full dollar equivalent of such payment.
5. Payment of the amount subscribed to the callable capital stock of the Bank shall be subject to call only as and when required by the Bank to meet its obligations incurred under sub-paragraphs (ii) and (iv) of Article 11 on borrowings of funds for inclusion in its ordinary capital resources or on guarantees chargeable to such resources.
6. In the event of the call referred to in paragraph 5 of this Article, payment may be made at the option of the member in gold, convertible currency or in the currency required to discharge the obligations of the Bank for the purpose of which the call is made. Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.
7. The Bank shall determine the place for any payment under this Article, provided that, until the inaugural meeting of its Board of Governors, the payment of the first instalment referred to in paragraph 1 of this Article shall be made to the Secretary-General of the United Nations, as Trustee for the Bank.

Article 7

Ordinary capital resources

As used in this Agreement, the term „ordinary capital resources“ of the Bank shall include the following:

- (i) authorized capital stock of the Bank, including both paid-in and callable shares, subscribed pursuant to Article 5 of this Agreement, except such part thereof as may be set aside into one or more Special Funds in accordance with paragraph 1 (i) of Article 19 of this Agreement;
- (ii) funds raised by borrowings of the Bank by virtue of powers conferred by sub-paragraph (i) of Article 21 of this Agreement, to which the commitment to calls provided for in paragraph 5 of Article 6 of this Agreement is applicable;
- (iii) funds received in repayment of loans or guarantees made with the resources indicated in (i) and (iii) of this Article;
- (iv) income derived from loans made from the aforementioned funds or from guarantees to which the commitment to calls set forth in paragraph 5 of Article 6 of this Agreement is applicable; and
- (v) any other funds or income received by the Bank which do not form part of its Special Funds resources referred to in Article 20 of this Agreement.

Chapter III – Operations

Article 8

Use of resources

The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions set forth respectively in Articles 1 and 2 of this Agreement.

Article 9

Ordinary and special operations

1. The operations of the Bank shall consist of ordinary operations and special operations.
2. Ordinary operations shall be those financed from the ordinary capital resources of the Bank.
3. Special operations shall be those financed from the Special Funds resources referred to in Article 20 of this Agreement.

Article 10

Separation of operations

1. The ordinary capital resources and the Special Funds resources of the Bank shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separate from each other. The financial statements of the Bank shall show the ordinary operations and special operations separately.
2. The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which Special Funds resources were originally used or committed.
3. Expenses appertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses appertaining directly to special operations shall be charged to the Special Funds resources. Any other expenses shall be charged as the Bank shall determine.

Article 11

Recipients and methods of operation

Subject to the conditions stipulated in this Agreement, the Bank may provide or facilitate financing to any member, or any agency, instrumentality or political subdivision thereof, or any entity or enterprise operating in the territory of a member, as well as to international or regional agencies or entities concerned with economic development of the region. The Bank may carry out its operations in any of the following ways:

- (i) by making or participating in direct loans with its unimpaired paid-in capital and, except as provided in Article 17 of this Agreement, with its reserves and undistributed surplus; or with the unimpaired Special Funds resources;
- (ii) by making or participating in direct loans with funds raised by the Bank in capital markets or borrowed or otherwise acquired by the Bank for inclusion in its ordinary capital resources;
- (iii) by investment of funds referred to in (i) and (ii) of this Article in the equity capital of an institution or enterprise, provided no such investment shall be made until after the Board of Governors, by a vote of a majority of the total number of Governors, representing a majority of the total voting power of the members, shall have determined that the Bank is in a position to commence such type of operations; or
- (iv) by guaranteeing, whether as primary or secondary obligor, in whole or in part, loans for economic development participated in by the Bank.

Article 12

Limitations on ordinary operations

1. The total amount outstanding of loans, equity investments and guarantees made by the Bank in its ordinary operations shall not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources, exclusive of the special reserve provided for by Article 17 of this Agreement and other reserves not available for ordinary operations.
2. In the case of loans made with funds borrowed by the Bank to which the commitment to calls provided for by paragraph 5 of Article 6 of this Agreement is applicable, the total amount of principal outstanding and payable to the Bank in a specific currency shall not at any time exceed the total amount of the principal of outstanding borrowings by the Bank that are payable in the same currency.
3. In the case of funds invested in equity capital out of the ordinary capital resources of the Bank, the total amount invested shall not exceed ten (10) per cent of the aggregate amount of the unimpaired paid-in capital stock of the Bank actually paid up at any given time together with the reserves and surplus included in its ordinary capital resources, exclusive of the special reserve provided for in Article 17 of this Agreement.

4. The amount of any equity investment shall not exceed such percentage of the equity capital of the entity or enterprise concerned as the Board of Directors shall in each specific case determine to be appropriate. The Bank shall not seek to obtain by such an investment a controlling interest in the entity or enterprise concerned, except where necessary to safeguard the investment of the Bank.

Article 13

Provision of currencies for direct loans

In making direct loans or participating in them, the Bank may provide financing in any of the following ways:

- (i) by furnishing the borrower with currencies other than the currency of the member in whose territory the project concerned is to be carried out (the latter currency hereinafter to be called „local currency“), which are necessary to meet the foreign exchange costs of such project; or
- (ii) by providing financing to meet local expenditures on the project concerned, where it can do so by supplying local currency without selling any of its holdings in gold or convertible currencies. In special cases when, in the opinion of the Bank, the project causes or is likely to cause undue loss or strain on the balance of payments of the member in whose territory the project is to be carried out, the financing granted by the Bank to meet local expenditures may be provided 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 total local expenditure incurred by the borrower.

Article 14

Operating principles

The operations of the Bank shall be conducted in accordance with the following principles:

- (i) The operations of the Bank shall provide principally for the financing of specific projects, including those forming part of a national, sub-regional or regional development programme. They may, however, include loans to, or guarantees of loans made to, national development banks or other suitable entities, in order that the latter may finance specific development projects whose individual financing requirements are not, in the opinion of the Bank, large enough to warrant the direct suspension of the Bank;
- (ii) In selecting suitable projects, the Bank shall always be guided by the provisions of sub-paragraph (ii) of Article 2 of this Agreement;
- (iii) The Bank shall not finance any undertaking in the territory of a member if that member objects to such financing;
- (iv) Before a loan is granted, the applicant shall have submitted an adequate loan proposal and the President of the Bank shall have presented to the Board of Directors a written report regarding the proposal, together with his recommendations, on the basis of a staff study;
- (v) In considering an application for a loan or guarantee, the Bank shall pay due regard to the ability of the borrower to obtain financing or facilities elsewhere on terms and conditions that the Bank considers reasonable for the recipient, taking into account all pertinent factors;
- (vi) 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;
- (vii) In making or guaranteeing a loan, the rate of interest, other charges and the schedule for repayment of principal shall be such: as are, in the opinion of the Bank, appropriate for the loan concerned;
- (viii) In guaranteeing a loan made by other investors, or in underwriting the sale of securities, the Bank shall receive suitable compensation for its risk;
- (ix) The proceeds of any loan, investment or other financing undertaken in the ordinary operations of the Bank or with Special Funds established by the Bank pursuant to paragraph 1 (i) of Article 19, shall be used only for procurement in member countries of goods and services produced in member countries, except in any case in which the Board of Directors by a vote of the Directors representing not less than two-thirds of the total voting power of the members, determines to permit procurement in a non-member country or of goods and services produced in a non-member country in special circumstances making such procurement appropriate, as in the case of a non-member country in which a significant amount of financing has been provided to the Bank;
- (x) In the case of a direct loan made by the Bank, the borrower shall be permitted by the Bank to draw its funds only to meet expenditures in connection with the project as they are actually incurred;
- (xi) 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 and with due attention to considerations of economy and efficiency;
- (xii) The Bank shall pay due regard to the desirability of avoiding a disproportionate amount of its resources being used for the benefit of any member;

- (xiii) The Bank shall seek to maintain reasonable diversification in its investments in equity capital; it shall not assume responsibility for managing any entity or enterprise in which it has an investment, except where necessary to safeguard its investments; and
- (xiv) The Bank shall be guided by sound banking principles in its operations.

Article 15

Terms and conditions for direct loans and guarantees

1. In the case of direct loans made or participated in or loans guaranteed by the Bank, the contract shall establish, in conformity with the operating principles set forth in Article 14 of this Agreement and subject to the other provisions of this Agreement, the terms and conditions for the loan or the guarantee concerned, including those relating to payment of principal, interest and other charges, maturities, and dates of payment in respect of the loan, or the fees and other charges in respect of the guarantee, respectively. In particular, the contract shall provide that, subject to paragraph 3 of this Article, all payments to the Bank under the contract shall be made in the currency loaned, unless, in the case of a direct loan made or a loan guaranteed as part of special operations with funds provided under paragraph 1 (ii) of Article 19, the rules and regulations of the Bank provide otherwise. Guarantees by the Bank shall also provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and 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.
2. Where the recipient of loans or guarantees of loans is not itself a member, the Bank may, when it deems it advisable, require that the member in whose territory the project concerned is to be carried out, or a public agency or any instrumentality of that member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan in accordance with the terms thereof.
3. The loan or guarantee contract shall expressly state the currency in which all payments to the Bank thereunder shall be made. At the option of the borrower, however, such payments may always be made in gold or convertible currency.

Article 16

Commission and fees

1. The Bank shall charge, in addition to interest, a commission on direct loans made or participated in as part of its ordinary operations. This commission, payable periodically, shall be computed on the amount out, standing on each loan or participation and shall be at the rate of not less than one (1) per cent per annum, unless the Bank, after the first five (5) years of its operations, decides to reduce this minimum rate by a two-thirds majority of its members, representing not less than three-fourths of the total voting power of the members.
2. In guaranteeing a loan as part of its ordinary operations, the Bank shall charge a guarantee fee, at a rate determined by the Board of Directors, payable periodically on the amount of the loan outstanding.
3. Other charges of the Bank in its ordinary operations and any commission, fees or other charges in its special operations shall be determined by the Board of Directors.

Article 17

Special reserve

The amount of commissions and guarantee fees received by the Bank pursuant to Article 16 of this Agreement shall be set aside as a special reserve which shall be kept for meeting liabilities of the Bank in accordance with Article 18 of this Agreement. The special reserve shall be held in such liquid form as the Board of Directors may decide.

Article 18

Methods of meeting liabilities of the Bank

1. In cases of default on loans made, participated in or guaranteed by the Bank in its ordinary operations, the Bank shall take such action as it deems appropriate with respect to modifying the terms of the loan, other than the currency of repayment.
2. The payments in discharge of the Bank's liabilities on borrowings or guarantees under sub-paragraphs (ii) and (iv) of Article 11 chargeable to the ordinary capital resources shall be charged:
 - (i) First, against the special reserve provided for in Article 17;
 - (ii) Then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus and capital available to the Bank.
3. Whenever necessary to meet contractual payments of interest, other charges or amortization on borrowings of the Bank in its ordinary operations, or to meet its liabilities with respect to similar payments in respect of loans guaranteed by it, chargeable to its ordinary capital resources, the Bank may call an appropriate amount of the uncalled subscribed callable capital in accordance with paragraphs 6 and 7 of Article 6 of this Agreement.

4. In cases of default in respect of a loan made from borrowed funds or guaranteed by the Bank as part of its ordinary operations, the Bank may, if it believes that the default may be of long duration, call an additional amount of such callable capital not to exceed in any one (1) year one (1) per cent of the total subscriptions of the members to such capital, for the following purposes:

- (i) To redeem before maturity, or otherwise discharge, the Bank's 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, the Bank's liability on all or part of its own outstanding borrowing.

5. If the Bank's subscribed callable capital stock shall be entirely called pursuant to paragraphs 3 and 4 of this Article, the Bank may, if necessary for the purposes specified in paragraph 3 of this Article, use or exchange the currency of any member without restriction, including any restriction imposed pursuant to paragraphs 2 (i) and (ii) of Article 24.

Article 19

Special funds

1. The Bank may:

- (i) set aside, by a vote of two-thirds of the total number of Governors, representing at least three-fourths of the total voting power of the members, not more than ten (10) per cent each of the portion of the unimpaired paid-in capital of the Bank paid by members pursuant to paragraph 2(a) of Article 6 and of the portion thereof paid pursuant to paragraph 2(b) of Article 6, and establish there with one or more Special Funds; and
- (ii) accept the administration of Special Funds which are designed to serve the purpose and come within the functions of the Bank.

2. Special Funds established by the Bank pursuant to paragraph 1 (i) of this Article may be used to guarantee or make loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those established by the Bank for its ordinary operations. Such Funds may also be used on such other terms and conditions, not inconsistent with the applicable provisions of this Agreement nor with the character of such Funds as revolving funds, as the Bank in establishing such Funds may direct.

3. Special Funds accepted by the Bank under paragraph 1 (ii) of this Article may be used in any manner and on any terms and conditions not inconsistent with the purpose of the Bank and with the agreement relating to such Funds.

4. The Bank shall adopt such special rules and regulations as may be required for the establishment, administration and use of each Special Fund. Such rules and regulations shall be consistent with the provisions of this Agreement, excepting those provisions expressly applicable only to ordinary operations of the Bank.

Article 20

Special funds resources

As used in this Agreement, the term „Special Funds resources“ shall refer to the resources of any Special Fund and shall include:

- (a) *resources set aside from the paid-in capital to a Special Fund or otherwise initially contributed to any Special Fund;*
- (b) *funds accepted by the Bank for inclusion in any Special Fund;*
- (c) *funds repaid in respect of loans or guarantees financed from the resources of any Special Fund which, under the rules and regulations of the Bank governing that Special Fund, are received by such Special Fund;*
- (d) *income derived from operations of the Bank in which any of the aforementioned resources or funds are used or committed if, under the rules and regulations of the Bank governing the Special Fund concerned, that income accrues to such Special Fund; and*
- (e) *any other resources placed at the disposal of any Special Fund.*

Chapter IV – Borrowing and other miscellaneous powers

Article 21

General powers

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

- (i) borrow funds in member countries or elsewhere, and in this connection to furnish such collateral or other security therefor as the Bank shall determine, provided always that:
 - (a) before making a sale of its obligations in the territory of a country, the Bank shall have obtained its approval;
 - (b) where the obligations of the Bank are to be denominated in the currency of a member, the bank shall have obtained its approval;
 - (c) the Bank shall obtain the approval of the countries referred to in sub-paragraphs (a) and (b) of this paragraph that the proceeds may be exchanged for the currency of any member without restriction; and

- (d) before determining to sell its obligations in a particular country, the Bank shall consider the amount of previous borrowing, if any, in that country, the amount of previous borrowing in other countries, and the possible availability of funds in such other countries; and shall give due regard to the general principle that its borrowings should to the greatest extent possible be diversified as to country of borrowing.
- (ii) buy and sell securities the Bank has issued or guaranteed or in which it has invested, provided always that it shall have obtained the approval of any country in whose territory the securities are to be bought or sold;
- (iii) guarantee securities in which it has invested in order to facilitate their sale;
- (iv) underwrite, or participate in the underwriting of, securities issued by any entity or enterprise for purposes consistent with the purpose of the Bank;
- (v) invest funds, not needed in its operations, in the territories of members in such obligations of members or nationals thereof as it may determine, and invest funds held by the Bank for pensions or similar purposes in the territories of members in marketable securities issued by members or nationals thereof;
- (vi) provide technical advice and assistance which serve its purpose and come within its functions, and where expenditures incurred in furnishing such services are not reimbursable, charge the net income of the Bank therewith; in the first five (5) years of its operations, the Bank may use up to two (2) per cent of its paid-in capital for furnishing such services on a non-reimbursable basis, and
- (vii) exercise such other powers and establish such rules and regulations as may be necessary or appropriate in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

Article 22

Notice 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.

Chapter V – Currencies

Article 23

Determination of convertibility

Whenever it shall become necessary under this Agreement to determine whether any currency is convertible, such determination shall be made by the Bank after consultation with the International Monetary Fund.

Article 24

Use of currencies

1. Members may not maintain or impose any restrictions on the holding or use by the Bank or by any recipient from the Bank, for payments in any country, of the following:
 - (i) gold or convertible currencies received by the Bank in payment of subscriptions to its capital stock, other than that paid to the Bank by members pursuant to paragraph 2(b) of Article 6 and restricted pursuant to paragraphs 2(i) and (ii) of this Article;
 - (ii) currencies of members purchased with the gold or convertible currencies referred to in the preceding sub-paragraph;
 - (iii) currencies obtained by the Bank by borrowing, pursuant to sub-paragraph (i) of Article 21 of this Agreement, for inclusion in its ordinary capital resources;
 - (iv) gold or currencies received by the Bank in payment on account of principal, interest, dividends or other charges in respect of loans or investments made out of any of the funds referred to in sub-paragraphs (i) to (iii) of this paragraph or in payment of fees in respect of guarantees made by the Bank; and
 - (v) currencies, other than the member's own currency, received by the member from the Bank in distribution of the net income of the Bank in accordance with Article 40 of this Agreement.
2. Members may not maintain or impose any restriction on the holding or use by the Bank or by any recipient from the Bank, for payments in any country, of currency of a member received by the Bank which does not come within the provisions of the preceding paragraph, unless:
 - (i) a developing member country, after consultation with and subject to periodic review by the Bank, restricts in whole or in part the use of such currency to payments for goods or services produced and intended for use in its territory; or
 - (ii) any other member whose subscription has been determined in Part A of Annex A hereof and whose exports of industrial products do not represent a substantial proportion of its total exports, deposits with its instrument of ratification or acceptance a declaration that it desires the use of the portion of its subscription paid pursuant to paragraph 2(b) of Article 6 to be restricted, in whole or in part, to payments for goods or services produced in its territory; provided that such restrictions be subject to periodic review by and consultation with the Bank and that any purchases of goods or services in the territory of that member, subject to the usual consideration of competitive tendering, shall be first charged against the portion of its subscription paid pursuant to paragraph 2(b) of Article 6; or

- (iii) such currency forms part of the Special Funds resources of the Bank available under paragraph I(ii) of Article 19 and its use is subject to special rules and regulations.
3. Members may not maintain or impose any restrictions on the holding or use by the Bank, for making amortization payments or anticipatory payments or for repurchasing in whole or in part the Bank's own obligations, of currencies received by the Bank in repayment of direct loans made out of its ordinary capital resources, provided, however, that until the Bank's subscribed callable capital stock has been entirely called, such holding or use shall be subject to any limitations imposed pursuant to paragraph 2(i) of this Article except in respect of obligations payable in the currency of the member concerned.
 4. Gold or currencies held by the Bank shall not be used by the Bank to purchase other currencies of members or non-members except:
 - (i) in order to meet its obligations in the ordinary course of its business; or
 - (ii) pursuant to a decision of the Board of Directors adopted by a vote of the Directors representing not less than two-thirds of the total voting power of the members.
 5. Nothing herein contained shall prevent the Bank from using the currency of any member for administrative expenses incurred by the Bank in the territory of such member.

Article 25

Maintenance of value of the currency holdings of the Bank

1. Whenever (a) the par value in the International Monetary Fund of the currency of a member is reduced in terms of the dollar defined in Article 4 of this Agreement, or (b) in the opinion of the Bank, after consultation with the International Monetary Fund, the foreign exchange value of a member's currency has depreciated to a significant extent, that member shall pay to the Bank within a reasonable time an additional amount of its currency required to maintain the value of all such currency held by the Bank, excepting (a) currency derived by the Bank from its borrowings and (b) unless otherwise provided in the agreement establishing such Funds, Special Funds resources accepted by the Bank under paragraph 1 (ii) of Article 19.
2. Whenever (a) the par value in the International Monetary Fund of the currency of a member is increased in terms of the said dollar, or (b) in the opinion of the Bank, after consultation with the International Monetary Fund, the foreign exchange value of a member's currency has appreciated to a significant extent, the Bank shall pay to that member within a reasonable time an amount of that currency required to adjust the value of all such currency held by the Bank excepting (a) currency derived by the Bank from its borrowings, and (b) unless otherwise provided in the agreement establishing such Funds, Special Funds resources accepted by the Bank under paragraph I(ii) of Article 19.
3. The Bank may waive the provisions of this Article when a uniform proportionate change in the par value of the currencies of all its members takes place.

Chapter VI – Organization and management

Article 26

Structure

The Bank shall have a Board of Governors, a Board of Directors, a President, one or more Vice-Presidents and such other officers and staff as may be considered necessary.

Article 27

Board of Governors: composition

1. Each member shall be represented on the Board of Governors and shall appoint one Governor and one alternate. Each Governor and alternate shall serve at the pleasure of the appointing member. No alternate may vote except in the absence of his principal. At its annual meeting, the Board shall designate one of the Governors as Chairman who shall hold office until the election of the next Chairman and the next annual meeting of the Board.
2. Governors and alternates shall serve as such without remuneration from the Bank, but the Bank may pay them reasonable expenses incurred in attending meetings.

Article 28

Board of Governors: powers

1. All the powers of the Bank shall be vested in the Board of Governors.
2. The Board of Governors may delegate to the Board of Directors any or all its powers, except the power to:
 - (i) admit new members and determine the conditions of their admission;
 - (ii) increase or decrease the authorized capital stock of the Bank;
 - (iii) suspend a member;
 - (iv) decide appeals from interpretations or applications of this Agreement given by the Board of Directors;

- (v) authorize the conclusion of general agreements for co-operation with other international organizations;
 - (vi) elect the Directors and the President of the Bank;
 - (vii) determine the remuneration of the Directors and their alternates and the salary and other terms of the contract of service of the President;
 - (viii) approve, after reviewing the auditor's report, the general balance sheet and the statement of profit and loss of the Bank;
 - (ix) determine the reserves and the distribution of the net profits of the Bank;
 - (x) amend this Agreement;
 - (xi) decide to terminate the operations of the Bank and to distribute its assets; and
 - (xii) exercise such other powers as are expressly assigned to the Board of Governors in this Agreement.
3. The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Directors under paragraph 2 of this Article.
4. For the purposes of this Agreement, the Board of Governors may, by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members, from time to time determine which countries or members of the Bank are to be regarded as developed or developing countries or members, taking into account appropriate economic considerations.

Article 29

Board of Governors: procedure

1. 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 Board of Directors. Meetings of the Board of Governors shall be called, by the Board of Directors, whenever requested by five (5) members of the Bank.
2. A majority of the Governors shall constitute a quorum for any meeting of the Board of Governors, provided such majority represents not less than two-thirds of the total voting power of the members.
3. The Board of Governors may by regulation establish a procedure whereby the Board of Directors may, when the latter deems such action advisable, obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.
4. The Board of Governors, and the Board of Directors to the extent authorized, may establish such subsidiary bodies as may be necessary or appropriate to conduct the business of the Bank.

Article 30

Board of Directors: composition

1. (i) The Board of Directors shall be composed of ten (10) members who shall not be members of the Board of Governors, and of whom:
 - (a) seven (7) shall be elected by the Governors representing regional members; and
 - (b) three (3) by the Governors representing non-regional members.

Directors shall be persons of high competence in economic and financial matters and shall be elected in accordance with Annex B hereof.
- (ii) At the Second Annual Meeting of the Board of Governors after its inaugural meeting, the Board of Governors shall review the size and composition of the Board of Directors, and shall increase the number of Directors as appropriate, paying special regard to the desirability, in the circumstances at that time, of increasing representation in the Board of Directors of smaller less developed member countries. Decisions under this paragraph should be made by a vote of a majority of the total number of Governors, representing not less than two-thirds of the total voting power of the members.
2. Each Director shall appoint an alternate with full power to act for him when he is not present. Directors and alternates shall be nationals of member countries. No two or more Directors may be of the same nationality nor may any two or more alternates be of the same nationality. An alternate may participate in meetings of the Board but may vote only when he is acting in place of his principal.
3. Directors shall hold office for a term of two (2) years and may be re-elected. They shall continue in office until their successors shall have been chosen and qualified. If the office of a Director becomes vacant more than one hundred and eighty (180) days before the end of his term, a successor shall be chosen in accordance with Annex B hereof, for the remainder of the term, by the Governors who elected the former Director. A majority of the votes cast by such Governors shall be required for such election. If the office of a Director becomes vacant one hundred and eighty (180) days or less before the end of his term, a successor may similarly be chosen for the remainder of the term, by the Governors who elected the former Director, in which election a majority of the votes cast by such Governors shall be required. While the office remains vacant, the alternate of the former Director shall exercise the powers of the latter, except that of appointing an alternate.

*Article 31***Board of Directors: powers**

The Board of Directors shall be responsible for the direction of the general operations of the Bank and, for this purpose, shall in addition to the powers assigned to it expressly by this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- (i) prepare the work of the Board of Governors,
- (ii) in conformity with the general directions of the Board of Governors, take decisions concerning loans, guarantees, investments in equity capital, borrowing by the Bank, furnishing of technical assistance and other operations of the Bank;
- (iii) submit the accounts for each financial year for approval of the Board of Governors at each annual meeting; and
- (iv) approve the budget of the Bank.

*Article 32***Board of Directors: procedure**

1. The Board of Directors shall normally function at the principal office of the Bank and shall meet as often as the business of the Bank may require.
2. A majority of the Directors shall constitute a quorum for any meeting of the Board of Directors, provided such majority represents not less than two-thirds of the total voting power of the members.
3. The Board of Governors shall adopt Regulations under which, if there is no Director of its nationality, a member may send a representative to attend, without right to vote, any meeting of the Board of Directors when a matter particularly affecting that member is under consideration.

*Article 33***Voting**

1. The total voting power of each member shall consist of the sum of its basic votes and proportional votes.
 - (i) The basic votes of each member shall consist of such number of votes as results from the equal distribution among all the members of twenty (20) per cent of the aggregate sum of the basic votes and proportional votes of all the members.
 - (ii) The number of the proportional votes of each member shall be equal to the number of shares of the capital stock of the Bank held by that member.
2. In voting in the Board of Governors, each Governor shall be entitled to cast the votes of the member he represents. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power represented at the meeting.
3. In voting in the Board of Directors, each Director shall be entitled to cast the number of votes that counted towards his election which votes need not be cast as a unit. Except as otherwise expressly provided in this Agreement, all matters before the Board of Directors shall be decided by a majority of the voting power represented at the meeting.

*Article 34***The President**

1. The Board of Governors, by a vote of a majority of the total number of Governors, representing not less than a majority of the total voting power of the members, shall elect a president of the Bank. He shall be a national of a regional member country. The President, while holding office, shall not be a Governor or a Director or an alternate for either.
2. The term of office of the President shall be five (5) years. He may be re-elected. He shall, however, cease to hold office when the Board of Governors so decides by a vote of two-thirds of the total number of Governors, representing not less than two-thirds of the total voting power of the members. If the office of the President for any reason becomes vacant more than one hundred and eighty (180) days before the end of his term, a successor shall be elected for the unexpired portion of such term by the Board of Governors in accordance with the provisions of paragraph 1 of this Article. If such office for any reason becomes vacant one hundred and eighty (180) days or less before the end of his term, a successor may similarly be elected for the unexpired portion of such term by the Board of Governors.
3. The President shall be Chairman of the Board of 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.
4. The President shall be the legal representative of the Bank.
5. The President shall be chief of the staff of the Bank and shall conduct, under the direction of the Board of Directors, the current business of the Bank. He shall be responsible for the organization, appointment and dismissal of the officers and staff in accordance with regulations adopted by the Board of Directors.

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

Article 35

Vice-President(s)

1. One or more Vice-Presidents shall be appointed by the Board of Directors on the recommendation of the President. Vice-President(s) shall hold office for such term, exercise such authority and perform such functions in the administration of the Bank, as may be determined by the Board of Directors. In the absence or incapacity of the President, the Vice-President or, if there be more than one, the ranking Vice-President, shall exercise the authority and perform the functions of the President.

2. Vice-President(s) may participate in meetings of the Board of Directors but shall have no vote at such meetings, except that the Vice-President or ranking Vice-President, as the case may be, shall cast the deciding vote when acting in place of the President.

Article 36

**Prohibition of political activity:
The international character of the Bank**

1. The Bank shall not accept loans or assistance that may in any way prejudice, limit, deflect or otherwise alter its purpose or functions.

2. The Bank, its President, Vice-President(s), officers and staff 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 concerned. Only economic considerations shall be relevant to their decisions. Such considerations shall be weighed impartially in order to achieve and carry out the purpose and functions of the Bank.

3. The President, Vice-President(s), 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.

Article 37

Office of the Bank

1. The principal office of the Bank shall be located in Manila, Philippines.

2. The Bank may establish agencies or branch offices elsewhere.

Article 38

Channel of communications, depositories

1. Each member shall designate an appropriate official entity with which the Bank may communicate in connection with any matter arising under this Agreement.

2. Each member shall designate its central bank, or such other agency as may be agreed upon with the Bank, as a depository with which the Bank may keep its holdings of currency of that member as well as other assets of the Bank.

Article 39

Working language, reports

1. The working language of the Bank shall be English.

2. The Bank shall transmit to its members an Annual Report containing an audited statement of its accounts and shall publish such Report. It shall also transmit quarterly to its members a summary statement of its financial position and a profit and loss statement showing the results of its operations.

3. The Bank may also publish such other reports as it deems desirable in the carrying out of its purpose and functions. Such reports shall be transmitted to the members of the Bank.

Article 40

Allocation of net income

1. The Board of Governors shall determine annually what part of the net income of the Bank, including the net income accruing to Special Funds, shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members.

2. The distribution referred to in the preceding paragraph shall be made in proportion to the number of shares held by each member.

3. Payments shall be made in such manner and in such currency as the Board of Governors shall determine.

**Chapter VII – Withdrawal and suspension of members, temporary suspension
and termination of operations of the Bank**

Article 41

Withdrawal

1. Any member may withdraw from the Bank at any time by delivering a notice in writing to the Bank at its principal office.

2. Withdrawal by a member shall become effective, and its membership shall cease, on the date specified in its notice but in no event less than six (6) months after the date that notice has been received by 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.

3. A withdrawing 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. 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.

Article 42

Suspension of membership

1. If a member fails to fulfil any of its obligation to the Bank, the Board of Governors may suspend such member by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.

2. The member so suspended shall automatically cease to be a member of the Bank one (1) year from the date of its suspension unless the Board of Governors, during the one-year period, decides by the same majority necessary for suspension to restore the member to good standing.

3. 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.

Article 43

Settlement of accounts

1. After the date on which a country 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 is outstanding, but it shall not incur liabilities with respect to loans and guarantees entered into thereafter by the Bank nor share either in the income or the expenses of the Bank.

2. At the time a country ceases to be a member, the Bank shall arrange for the repurchase of such country's shares by the Bank as a part of the settlement of accounts with such country in accordance with the provisions of paragraphs 3 and 4 of this Article. For this purpose, the repurchase price of the shares shall be the value shown by the books of the Bank on the date the country ceases to be a member.

3. The payment for shares repurchased by the Bank under this Article shall be governed by the following conditions:

- (i) Any amount due to the country concerned for its shares shall be withheld so long as that country, its central bank or any of its agencies, instrumentalities or political subdivisions 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 contingent liability of the country for future calls on its subscription for shares in accordance with paragraph 5 of Article 6 of this Agreement. In any event, no amount due to a member for its shares shall be paid until six (6) months after the date on which the country ceases to be a member.
- (ii) Payments for shares may be made from time to time, upon surrender of the corresponding stock certificates by the country concerned, to the extent by which the amount due as the repurchase price in accordance with paragraph 2 of this Article exceeds the aggregate amount of liabilities, on loans and guarantees referred to in sub-paragraph (i) of this paragraph, until the former member has received the full repurchase price.
- (iii) Payments shall be made in such available currencies as the Bank determines, taking into account its financial position.
- (iv) If losses are sustained by the Bank on any guarantees or loans which were outstanding on the date when a country ceased to be a member and the amount of such losses exceeds the amount of the reserve provided against losses on that date, the country concerned shall 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 shall remain liable on any call for unpaid subscriptions in accordance with paragraph 5 to Article 6 of this Agreement, to the same 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.

4. If the Bank terminates its operations pursuant to Article 45 of this Agreement within six (6) months of the date upon which any country ceases to be a member, all rights of the country concerned shall be determined in accordance with the provisions of Articles 45 to 47 of this Agreement. Such country shall be considered as still a member for purposes of such Articles but shall have no voting rights.

Article 44

Temporary suspension of operations

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

*Article 45***Termination of operations**

1. The Bank may terminate its operations by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
2. After such termination, 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.

*Article 46***Liability of members and payment of claims**

1. In the event of termination of the operation of the Bank, the liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their currencies shall continue until all claims of creditors, including all contingent claims shall have been discharged.
2. All creditors holding direct claims shall first be paid out of the assets of the Bank and then out of payments to the Bank or unpaid or callable subscriptions. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary, in its judgment, to ensure a pro rata distribution among holders of direct and contingent claims.

*Article 47***Distribution of assets**

1. 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 have been discharged or provided for. Moreover, such distribution must be approved by the Board of Governors by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
2. Any distribution of the assets of the Bank to the members shall be in proportion to the 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 asset. 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.
3. 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.

Chapter VIII – Status, immunities, exemptions and privileges*Article 48***Purpose of chapter**

To enable the Bank effectively to fulfil its purpose and carry out the functions entrusted to it, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Bank in the territory of each member.

*Article 49***Legal status**

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

- (i) to contract;
- (ii) to acquire, and dispose of, immovable and movable property; and
- (iii) to institute legal proceedings.

*Article 50***Immunity from judicial proceedings**

1. The Bank shall enjoy immunity from every form of legal process, except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of securities, in which cases actions may be brought against the Bank in a court of competent jurisdiction in the territory of a country in which the Bank has its principal or a branch office, or has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.
2. Notwithstanding the provisions of paragraph 1 of this Article, no action shall be brought against the Bank by any member, or by any agency or instrumentality of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member or from any agency or instrumentality of a member. Members shall have recourse to such special procedures for the settlement of controversies between the Bank and its members as may be prescribed in this Agreement, in the by-laws and regulations of the Bank, or in contracts entered into with the Bank.
3. 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.

*Article 51***Immunity of assets**

Property and assets of the Bank, 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.

*Article 52***Immunity of archives**

The archives of the Bank, and, in general, all documents belonging to it, or held by it, shall be inviolable, wherever located.

*Article 53***Freedom of assets from restrictions**

To the extent necessary to carry out the purpose and functions of the Bank effectively, 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.

*Article 54***Privilege for communications**

Official communications of the Bank shall be accorded by each member treatment not less favourable than that it accords to the official communications of any other member.

*Article 55***Immunities and privileges of Bank personnel**

All Governors, Directors, alternates, officers and employees of the Bank, including experts performing missions for 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 the immunity;
- (ii) where they are not local citizens or nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by members to the representatives, officials and employees of comparable rank of other members; and
- (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.

*Article 56***Exemption from taxation**

1. The Bank, its assets, property, income and its operations and transactions, shall be exempt from all taxation and from all customs duties. The Bank shall also be exempt from any obligation for the payment, withholding or collection of any tax or duty.
2. No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to Directors, alternates, officers or employees of the Bank, including experts performing missions for the Bank, except where a member deposits with its instrument of ratification or acceptance a declaration that such member retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to citizens or nationals of such member.
3. 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.
4. 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.

*Article 57***Implementation**

Each member, in accordance with its juridical system, shall promptly take such action as is necessary to make effective in its own territory the provisions set forth in the Chapter and shall inform the Bank of the action which it has taken on the matter.

*Article 58***Waiver of immunities, exemptions and privileges**

The Bank at its discretion may waive any of the privileges, immunities and exemptions conferred under this Chapter in any case or instance, in such manner and upon such conditions as it may determine to be appropriate in the best interests of the Bank.

Chapter IX – Amendments, interpretation, arbitration*Article 59***Amendments**

1. This Agreement may be amended only by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
2. Notwithstanding the provisions of paragraph 1 of this Article, 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;
 - (ii) the limitations on liability provided in paragraphs 6 and 7 of Article 5; and
 - (iii) the rights pertaining to purchase of capital stock provided in paragraph 2 of Article 5.
3. Any proposal to amend this Agreement, whether emanating from a member 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 adopted, the Bank shall so certify in an official communication addressed to all members. Amendments shall enter into force for all members three (3) months after the date of the official communication unless the Board of Governors specifies therein a different period.

*Article 60***Interpretation or application**

1. Any question of interpretation or application of the provisions of this Agreement arising between any member and the Bank, or between two or more members of the Bank, shall be submitted to the Board of Directors for decision. If there is no Director of its nationality on that Board, a member particularly affected by the question under consideration shall be entitled to direct representation in the Board of Directors during such consideration; the representative of such member shall, however, have no vote. Such right of representation shall be regulated by the Board of Governors.
2. In any case where the Board of Directors has given a decision under paragraph 1 of this Article, any member may require that the question be referred 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 necessary, act on the basis of the decision of the Board of Directors.

*Article 61***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 resolution to terminate the operations 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 President of the International Court of Justice or such other authority as may have been prescribed by regulations adopted by the Board of Governors. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties. 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 62***Approval deemed given**

Whenever the approval of any member is required before any act may be done by the Bank, 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.

Chapter X – Final provisions*Article 63***Signature and deposit**

1. The original of this Agreement in a single copy in the English language shall remain open for signature at the United Nations Economic Commission for Asia and the Far East, in Bangkok, until 31 January 1966 by Governments of countries listed in Annex A to this Agreement. This document shall thereafter be deposited with the Secretary-General of the United Nations (hereinafter called the „Depositary“).

2. The Depository shall send certified copies of this Agreement to all the Signatories and other countries which become members of the Bank.

Article 64

Ratification or acceptance

1. This Agreement shall be subject to ratification or acceptance by the Signatories. Instruments of ratification or acceptance shall be deposited with the Depository not later than 30 September 1966. The Depository shall duly notify the other Signatories of each deposit and the date thereof.
2. A Signatory whose instrument of ratification or acceptance is deposited before the date on which this Agreement enters into force, shall become a member of the Bank, on that date. Any other Signatory which complies with the provisions of the preceding paragraph, shall become a member of the Bank on the date on which its instrument of ratification or acceptance is deposited.

Article 65

Entry into force

This Agreement shall enter into force when instruments of ratification or acceptance have been deposited by at least fifteen (15) Signatories (including not less than ten [10] regional countries) whose initial subscriptions, as set forth in Annex A to this Agreement, in the aggregate comprise not less than sixty-five (65) per cent of the authorized capital stock of the Bank.

Article 66

Commencement of operations

1. As soon as this Agreement enters into force, each member shall appoint a Governor, and the Executive Secretary of the United Nations Economic Commission for Asia and the Far East shall call the inaugural meeting of the Board of Governors.
2. At its inaugural meeting, the Board of Governors:
 - (i) shall make arrangements for the election of Directors of the Bank in accordance with paragraph 1 of Article 30 of this Agreement; and
 - (ii) shall make arrangements for the determination of the date on which the Bank shall commence its operations.
3. The Bank shall notify its members of the date of the commencement of its operations.

DONE at the City of Manila, Philippines, on 4 December 1965, in a single copy in the English language which shall be brought to the United Nations Economic Commission for Asia and the Far East, Bangkok, and thereafter deposited with the Secretary-General of the United Nations, New York, in accordance with Article 63 of this Agreement.

ANNEX A

**Initial subscriptions to the authorized capital stock for countries
which may become members in accordance with Article 64**

Part A. Regional countries

I

	<i>Country</i>	<i>Amount of subscription (in million US dollars)</i>
1.	Afghanistan	3.36
2.	Australia	85.00
3.	Cambodia	3.00
4.	Ceylon	8.52
5.	China, Republic of	16.00
6.	India	93.00
7.	Iran	60.00
8.	Japan	200.00
9.	Korea, Republic of	30.00
10.	Laos	0.42
11.	Malaysia	20.00
12.	Nepal	2.16
13.	New Zealand	22.56
14.	Pakistan	32.00
15.	Philippines	35.00
16.	Republic of Viet Nam	7.00
17.	Singapore	4.00
18.	Thailand	20.00
19.	Western Samoa	0.06
	Total	642.08

II

The following regional countries may become Signatories of this Agreement in accordance with Article 63, provided that at the time of signing, they shall respectively subscribe to the capital stock of the Bank in the following amounts:

Country Amount of subscription

	<i>Country</i>	<i>Amount of subscription (in million US dollars)</i>
1.	Burma	7.74
2.	Mongolia	0.18
	Total	7.92

Part B. Non-regional countries

I

	Country	Amount of subscription (in million US dollars)
1.	Belgium	5.00
2.	Canada	25.00
3.	Denmark	5.00
4.	Germany, Federal Republic of	30.00
5.	Italy	10.00
6.	Netherlands	11.00
7.	United Kingdom	10.00
8.	United States	200.00
	Total	296.00

II

The following non-regional countries which participated in the meeting of the Preparatory Committee on the Asian Development Bank in Bangkok from 21 October to 1 November 1965 and which there indicated interest in membership in the Bank, may become Signatories of this Agreement in accordance with Article 63, provided that at the time of signing, each such country shall subscribe to the capital stock of the Bank in an amount which shall not be less than five million dollars (\$5,000,000):

- | | |
|------------|-----------|
| 1. Austria | 3. Norway |
| 2. Finland | 4. Sweden |

III

On or before 31 January 1966, any of the non-regional countries listed in Part B(I) of this Annex may increase the amount of its subscription by so informing the Executive Secretary of the United Nations Economic Commission for Asia and the Far East in Bangkok, provided, however, that the total amount of the initial subscriptions of the non-regional countries listed in Part B(I) and (II) of this Annex shall not exceed the amount of three hundred and fifty million dollars (\$350,000,000).

With (i) increases of \$4,000,000, \$10,000,000 and \$20,000,000, respectively, in the subscriptions of the Federal Republic of Germany (currently Germany), Italy and the United Kingdom authorized under Part B III of Annex A, (ii) increases in the subscriptions of Afghanistan, Cambodia, Republic of Viet Nam (currently Socialist Republic of Viet Nam) and Singapore authorized by Resolution No. 4 of the Board of Governors, (iii) admission to membership of Indonesia, Switzerland, Hong Kong, France, Fiji, Papua New Guinea, Tonga, Bangladesh, Solomon Islands, Burma (currently the Union of Myanmar), Kiribati, Cook Islands, Maldives, Vanuatu, Bhutan, Spain, the People's Republic of China, Marshall Islands, Federated States of Micronesia, Turkey, Mongolian People's Republic (currently Mongolia), Republic of Nauru, Tuvalu, Kazakhstan and Kyrgyz Republic, authorized by Resolution Nos. 4, 11, 23, 31, 32, 38, 48, 54, 57, 63, 74, 95, 113, 138, 148, 168, 176, 201, 202, 205, 206, 212, 219, 224 and 225, respectively, of the Board of Governors, (iv) additional subscriptions of members under Resolution Nos. 46, 104; and 158 of the Board of Governors, and (v) increase in the subscriptions of Canada, Finland, France, the Federal Republic of Germany (currently Germany), Indonesia, Italy, Japan, Republic of Korea, Malaysia, Netherlands, Sweden, Switzerland, United States and Western Samoa authorized by Resolution Nos. 55, 79, 80, 89, 99, 100, 112, 114, 174, 193, 194 and 195 of the Board of Governors, the following is the list of subscriptions:

Subscriptions to the authorized capital stock of the Asian Development Bank

As of 31 December 1994¹

Amount of Subscription (in million)

	<i>Expressed in terms of the US dollar of the weight and fineness in effect on 31 January 1966 i.e. 0.888671 gram of fine gold</i>	<i>Expressed in terms of the SDR at the value in current United States dollars of \$1.45985 per SDR</i>
Part A. Regional countries		
Afghanistan, Republic of	\$ 11.95	\$ 17.44
Australia	1,023.70	1,494.45
Bangladesh	361.28	527.41
Bhutan	1.10	1.61
Cambodia	8.75	12.77
China, People's Republic of	1,140.00	1,664.23
Cook Islands	0.47	0.69
Fiji	12.03	17.56
Hong Kong	96.35	140.66
India	1,120.05	1,635.10
Indonesia	963.50	1,406.57
Japan	5,522.10	8,061.44
Kazakhstan	142.68	208.29
Kiribati	0.71	1.04
Korea, Republic of	891.23	1,301.06
Kyrgyz Republic	52.91	77.24
Lao People's Democratic Republic	2.46	3.59
Malaysia	481.75	703.28
Maldives	0.71	1.04
Marshall Islands	0.47	0.69
Micronesia, Federated States of	0.71	1.04
Mongolia	2.66	3.88
Myanmar	96.35	140.66
Nauru, Republic of	0.71	1.04
Nepal	26.01	37.97
New Zealand	271.70	396.64
Pakistan	770.80	1,125.25
Papua New Guinea	16.60	24.23
Philippines	421.52	615.36
Singapore	60.20	87.88
Solomon Islands	1.18	1.72
Sri Lanka, Democratic Socialist Republic of	102.60	149.78
Taipei, China	192.70	281.31
Thailand	481.74	703.27
Tonga	0.71	1.04
Tuvalu	0.25	0.36
Vanuatu	1.18	1.72
Viet Nam, Socialist Republic of	60.38	88.15
Western Samoa	0.58	0.85
Total	14,342.78	20,938.31

¹ At exchange rate adopted as of 31 December 1994

	<i>Expressed in terms of the US dollar of the weight and fineness in effect on 31 January 1966 i.e. 0.888671 gram of fine gold</i>	<i>Expressed in terms of the SDR at the value in current United States dollars of \$1.45985 per SDR</i>
Part B. Non-regional countries		
Austria	60.20	87.88
Belgium	60.20	87.88
Canada	925.43	1,350.99
Denmark	60.20	87.88
Finland	60.20	87.88
France	411.78	601.14
Germany	765.34	1,117.29
Italy	319.75	466.79
Netherlands	181.47	264.92
Norway	60.20	87.88
Spain	60.20	87.88
Sweden	60.20	87.88
Switzerland	103.25	150.73
Turkey	60.20	87.88
United Kingdom	361.31	527.46
United States	2,781.05	4,030.72
Total	6,310.98	9,213.08
Grand Total	\$ 20,653.76	\$ 30,151.39

*

ANNEX B

Election of Directors*Section A. – Election of Directors by Governors representing regional members*

1. Each Governor representing a regional member shall cast all votes of the member he represents for a single person.
2. The seven (7) persons receiving the highest number of votes shall be Directors, except that no person who received less than ten (10) per cent of the total voting power of regional members shall be considered as elected.
3. If seven (7) persons are not elected at the first ballot, a second ballot shall be held in which the person who received the lowest number of votes in the preceding ballot shall be ineligible and in which votes shall be cast only by:
 - (a) Governors who voted in the preceding ballot for a person who is not elected; and
 - (b) Governors whose votes for a person who is elected are deemed, in accordance with paragraph (4) of this Section, to have raised the votes cast for that person above eleven (11) per cent of the total voting power of regional members.
4. (a) In determining whether the votes-cast by a Governor shall be deemed to have raised the total number of votes for any person above eleven (11) per cent, the said eleven (11) per cent shall be deemed to include, first, the votes of the Governor casting the highest number of votes for that person, and then, in diminishing order, the votes of each Governor casting the next highest number until eleven (11) per cent is attained.
 - (b) Any Governor, part of whose votes must be counted in order to raise the votes cast for any person above ten (10) per cent, shall be considered as casting all his votes for that person even if the total number of votes cast for that person thereby exceeds eleven (11) per cent.
5. If, after the second ballot, seven (7) persons are not elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, except that after six (6) persons are elected, the seventh may be elected – notwithstanding the provisions of paragraph (2) of this Section – by a simple majority of the remaining votes of regional members. All such remaining votes shall be deemed to have counted towards the election of the seventh Director.
6. In case of an increase in the number of Directors to be elected by Governors representing regional members, the minimum and maximum percentages specified in paragraphs (2), (3) and (4) of Section A of this Annex shall be correspondingly adjusted by the Board of Governors.

Section B. – Election of Directors by Governors representing non-regional members

1. Each Governor representing a non-regional member shall cast all votes of the member he represents for a single person.
2. The three (3) persons receiving the highest number of votes shall be Directors, except that no person who receives less than twenty-five (25) per cent of the total voting power of non-regional members shall be considered as elected.
3. If three (3) persons are not elected at the first ballot, a second ballot shall be held in which the person who received the lowest number of votes in the preceding ballot shall be ineligible and in which votes shall be cast only by:
 - (a) Governors who voted in the preceding ballot for a person who is not elected; and
 - (b) Governors whose votes for a person who is elected are deemed, in accordance with paragraph (4) of this Section, to have raised the votes cast for that person above twenty-six (26) per cent of the total voting power of non-regional members.
4.
 - (a) In determining whether the votes cast by a Governor shall be deemed to have raised the total number of votes for any person above twenty-six (26) per cent, the said twenty-six (26) per cent shall be deemed to include, first, the votes of the Governor casting the highest number of votes for that person, and then, in diminishing order, the votes of each Governor casting the next highest number until twenty-six (26) per cent is attained.
 - (b) Any Governor, part of whose votes must be counted in order to raise the votes cast for any person above twenty-five (25) per cent, shall be considered as casting all his votes for that person even if the total number of votes cast for that person thereby exceeds twenty-six (26) per cent.
5. If, after the second ballot, three (3) persons are not elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, except that after two (2) persons are elected, a third may be elected – provided that subscriptions from non-regional members shall have reached a minimum total of three hundred forty-five million dollars (\$345,000,000) and notwithstanding the provisions of paragraph (2) of this Section – by a simple majority of the remaining votes. All such remaining votes shall be deemed to have counted towards the election of the third Director.
6. In case of an increase in the number of Directors to be elected by Governors representing non-regional members, the minimum and maximum percentages specified in paragraphs (2), (3) and (4) of Section B of this Annex shall be correspondingly adjusted by the Board of Governors.

At its Second Annual Meeting the Board of Governors reviewed the size and composition of the Board of Directors in conformity with the provisions of Article 30.1 (ii) and decided that effective from the Fourth Annual Meeting, eight (8) Directors shall be elected by the Governors representing regional members and that the minimum and maximum percentages specified in paragraphs 2, 3 and 4 of Section (A) of Annex B shall be adjusted at that meeting to 8% and 10% respectively (Resolution No. 27 of the Board of Governors).

At its Second Annual Meeting the Board of Governors reviewed the size and composition of the Board of Directors in conformity with the provisions of Article 30.1 (ii) and decided that effective from the Fourth Annual Meeting, four (4) Directors shall be elected by the Governors representing non-regional members and that the minimum and maximum percentages specified in paragraph 2, 3 and 4 of Section (B) of Annex B shall be adjusted at that meeting to 16% and 19% respectively (Resolution No. 27 of the Board of Governors). Subsequently, the Board of Governors amended the minimum percentage from 16% to 17% (Resolution No. 37).