

DEPARTMENT OF FOREIGN AFFAIRS
CANBERRA

Agreement establishing the International Fund for Agricultural Development

(Rome, 13 June 1976)

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AGREEMENT ESTABLISHING THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

PREAMBLE

RECOGNIZING that the continuing food problem of the world is afflicting a large segment of the people of the developing countries and is jeopardizing the most fundamental principles and values associated with the right to life and human dignity;

CONSIDERING the need to improve the conditions of life in the developing countries and to promote socio-economic development within the context of the priorities and objectives of the developing countries, giving due regard to both economic and social benefits;

BEARING IN MIND the responsibility of the Food and Agriculture Organization of the United Nations within the United Nations system, to assist the efforts of developing countries to increase food and agricultural production, as well as that organization's technical competence and experience in this field;

CONSCIOUS of the goals and objectives of the International Development Strategy for the Second United Nations Development Decade and especially the need to spread the benefits of assistance to all;

BEARING IN MIND paragraph (f) of part 2 ("Food") of Section I of General Assembly resolution 3202(S-VI) on the Programme of Action on the Establishment of a New International Economic Order;

BEARING IN MIND also the need for effecting transfer of technology for food and agricultural development and Section V ("Food and Agriculture") of General Assembly resolution 3362(S-VII) on development and international economic co-operation, with particular reference to paragraph 6 thereof regarding the establishment of an International Fund for Agricultural Development;

RECALLING paragraph 13 of General Assembly resolution 3348(XXIX) and resolutions I and II of the World Food Conference on the objectives and strategies of food production and on the priorities for agricultural and rural development;

RECALLING resolution XIII of the World Food Conference which recognized:

- (i) the need for a substantial increase in investment in agriculture for increasing food and agricultural production in the developing countries;
- (ii) that provision of an adequate supply and proper utilization of food are the common responsibility of all members of the international community; and
- (iii) that the prospects of the world food situation call for urgent and coordinated measures by all countries;

and which resolved:

that an International Fund for Agricultural Development should be established immediately to finance agricultural development projects primarily for food production in the developing countries;

THE CONTRACTING PARTIES have agreed to establish the International Fund for Agricultural Development, which shall be governed by the following provisions:

Article 1 Definitions

For the purposes of this Agreement the terms set out below shall have the following meaning, unless the context otherwise requires:

- (a) "Fund" shall mean the International Fund for Agricultural Development;
- (b) "food production" shall mean the production of food including the development of fisheries and livestock;
- (c) "State" shall mean any State, or any grouping of States eligible for membership of the Fund in accordance with Section 1(b) of Article 3;
- (d) "freely convertible currency" shall mean:
 - (i) currency of a Member which the Fund determines, after consultation with the International Monetary Fund, is adequately convertible into the currencies of other Members for the purposes of the Fund's operations; or
 - (ii) currency of a Member which such Member agrees, on terms satisfactory to the Fund, to exchange for the currencies of other Members for the purposes of the Fund's operations.

"Currency of a Member" shall, in respect of a Member that is a grouping of States, mean the currency of any member of such grouping;

- (e) "Governor" shall mean a person whom a Member has designated as its principal representative at a session of the Governing Council;
- (f) "votes cast" shall mean affirmative and negative votes.

Article 2 Objective and functions

The objective of the Fund shall be to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States. In fulfilling this objective the Fund shall provide financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of

national priorities and strategies, taking into consideration: the need to increase food production in the poorest food deficit countries; the potential for increasing food production in other developing countries; and the importance of improving the nutritional level of the poorest populations in developing countries and the conditions of their lives.

Article 3 Membership

Section 1 - *Eligibility for membership*

- (a) Membership of the Fund shall be open to any State member of the United Nations or of any of its specialized agencies, or of the International Atomic Energy Agency.
- (b) Membership shall also be open to any grouping of States whose members have delegated to its powers in fields falling within the competence of the Fund, and which is able to fulfil all the obligations of a Member of the Fund.

Section 2 - *Original Members and non-original Members*

- (a) Original Members of the Fund shall be those States listed in Schedule I, which forms an integral part of this Agreement, that become parties to this Agreement in accordance with Section 1(b) of Article 13.
- (b) Non-original Members of the Fund shall be those other States that, after approval of their membership by the Governing Council, become parties to this Agreement in accordance with Section 1(c) of Article 13.

Section 3 - *Classification of Members*

- (a) Original Members shall be classified in one of three categories: I, II or III as set forth in Schedule I to this Agreement. Non-original Members shall be classified by the Governing Council, by a two-thirds majority of the total number of votes, with the concurrence of such Members, at the time of the approval of their membership.
- (b) The classification of a Member may be altered by the Governing Council, by a two-thirds majority of the total number of votes, with the concurrence of that Member.

Section 4 - *Limitation of liability*

No Member shall be liable, by reason of its membership, for acts or obligations of the Fund.

Article 4 Resources

Section 1 - *Resources of the Fund*

The resources of the Fund shall consist of:

- (i) initial contributions;
- (ii) additional contributions;
- (iii) special contributions from non-member States and from other sources;
- (iv) funds derived from operations or otherwise accruing to the Fund.

Section 2 - Initial contributions

- (a) Each original Member in category I or II shall, and any original Member in category III may, contribute to the initial resources of the Fund the amount expressed in the currency specified in the instrument of ratification, acceptance, approval or accession deposited by that State pursuant to Section 1(b) of Article 13.
- (b) Each non-original Member in category I or II shall, and any non-original Member in category III may, contribute to the initial resources of the Fund an amount agreed between the Governing Council and that Member at the time of the approval of its membership.
- (c) The initial contribution of each Member shall be due and payable in the forms set forth in Section 5(b) and (c) of this Article, either in a single sum or, at the option of the Member, in three equal annual instalments. The single sum or the first annual instalment shall be due on the thirtieth day after this Agreement enters into force with respect to that Member; any second and third instalments shall be due on the first and on the second anniversary of the date on which the first instalment was due.

Section 3 - Additional contributions

In order to assure continuity in the operations of the Fund, the Governing Council shall periodically, at such intervals as it deems appropriate, review the adequacy of the resources available to the Fund; the first such review shall take place not later than three years after the Fund commences operations. If the Governing Council, as a result of such a review, deems it necessary or desirable, it may invite Members to make additional contributions to the resources of the Fund on terms and conditions consistent with Section 5 of this Article. Decisions under this Section shall be taken by a two-thirds majority of the total number of votes.

Section 4 - Increases in contributions

The Governing Council may authorize, at any time, a Member to increase the amount of any of its contributions.

Section 5 - Conditions governing contributions

- (a) Contributions shall be made without restriction as to use and shall be refunded to contributing Members only in accordance with Section 4 of Article 9.
- (b) Contributions shall be made in freely convertible currencies, except that Members in category III may pay contributions in their own currency whether or not it is freely convertible.
- (c) Contributions to the Fund shall be made in cash or, to the extent that any part of such contributions is not needed immediately by the Fund in its operations, such part may be paid in the form of non-negotiable, irrevocable, non-interest bearing promissory notes or obligations payable on demand. In order to finance its operations, the Fund shall draw down all contributions (regardless of the form in which they are made) as follows:
 - (i) contributions shall be drawn down on a *pro rata* basis over reasonable periods of time as determined by the Executive Board;
 - (ii) where a contribution is paid partly in cash, the part so paid shall be drawn down, in accordance with paragraph (i), before the rest of the contribution. Except to the extent that the part paid in cash is thus drawn down, it may be deposited or invested by the Fund to produce income to help defray its administrative and other expenditures;
 - (iii) all initial contributions, as well as any increases in them, shall be drawn down before any additional contributions are drawn down. The same rule shall apply to further additional contributions.

Section 6 - *Special contributions*

The resources of the Fund may be increased by special contributions from non-member States or other sources on such terms and conditions, consistent with Section 5 of this Article, as shall be approved by the Governing Council on the recommendation of the Executive Board.

Article 5 Currencies

Section 1 - *Use of currencies*

- (a) Members shall not maintain or impose any restriction on the holding or use by the Fund of freely convertible currencies.
- (b) The currency of a Member in category III paid to the Fund on account of that Member's initial or additional contributions may be used by the Fund, in consultation with the Member concerned, for the payment of administrative expenditures and other costs of the Fund in the territories of that Member, or, with the consent of that Member, for the payment of goods or services produced in its territories and required for activities financed by the Fund in other States.

Section 2 - *Valuation of currencies*

- (a) The unit of account of the Fund shall be the Special Drawing Right of the International Monetary Fund.
- (b) For the purposes of this Agreement, the value of a currency in terms of the Special Drawing Right shall be calculated in accordance with the method of valuation applied by the International Monetary Fund, provided that:
 - (i) in the case of the currency of a member of the International Monetary Fund for which such value is not available on a current basis, the value shall be calculated after consultation with the International Monetary Fund;
 - (ii) in the case of the currency of a non-member of the International Monetary Fund, the value of the currency in terms of the Special Drawing Right shall be calculated by the Fund on the basis of an appropriate exchange rate relationship between that currency and the currency of a member of the International Monetary Fund for which a value is calculated as specified above.

Article 6

Organization and management

Section 1 - *Structure of the Fund*

The Fund shall have:

- (a) a Governing Council;
- (b) an Executive Board;
- (c) a President and such staff as shall be necessary for the Fund to carry out its functions.

Section 2 - *The Governing Council*

- (a) Each Member shall be represented on the Governing Council and shall appoint one Governor and an alternate. An alternate may vote only in the absence of his principal.
- (b) All the powers of the Fund shall be vested in the Governing Council.
- (c) The Governing Council may delegate any of its powers to the Executive Board with the exception of the power to:
 - (i) adopt amendments to this Agreement;
 - (ii) approve membership and determine the classification or reclassification of Members;

- (iii) suspend a Member;
 - (iv) terminate the operations of the Fund and distribute its assets;
 - (v) decide appeals from decisions made by the Executive Board concerning the interpretation or application of this Agreement;
 - (vi) determine the remuneration of the President.
- (d) The Governing Council shall hold an annual session, and such special sessions as it may decide, or as are called by Members having at least one fourth of the total number of votes in the Governing Council, or as requested by the Executive Board by a two-thirds majority of the votes cast.
- (e) The Governing Council may by regulation establish a procedure whereby the Executive Board may obtain a vote of the Council on a special question without calling a meeting of the Council.
- (f) The Governing Council may, by a two-thirds majority of the total number of votes, adopt such regulations and by-laws not inconsistent with this Agreement as may be appropriate to conduct the business of the Fund.
- (g) A quorum for any meeting of the Governing Council shall be constituted by Governors exercising two thirds of the total votes of all its members, provided that Governors exercising one half of the total votes of the Members in each of categories I, II and III are present.

Section 3 - *Voting in the Governing Council*

- (a) The total number of votes in the Governing Council shall be 1,800, distributed equally among categories I, II and III. The votes of each category shall be distributed among its members in accordance with the formula set out for that category in Schedule II, which forms an integral part of this Agreement.
- (b) Except as otherwise specified in this Agreement, decisions of the Governing Council shall be taken by a simple majority of the total number of votes.

Section 4 - *Chairman of the Governing Council*

The Governing Council shall elect a Chairman from among the Governors, who shall serve for two years.

Section 5 - *Executive Board*

- (a) The Executive Board shall be composed of 18 Members of the Fund, elected at the annual session of the Governing Council. The Governors from the Members of each category shall, in accordance with procedures set out or established as provided in Schedule II for that category, elect six members of the Executive

Board from among the Members in that category, and may similarly elect (or, in respect of category I, provide for the appointment of) up to six alternates, who may vote only in the absence of a member.

- (b) Members of the Executive Board shall serve for a term of three years. However, unless otherwise provided in or in accordance with Schedule II, at the first election two members in each category shall be designated to serve for one year, and two to serve for two years.
- (c) The Executive Board shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise the powers given to it by this Agreement or delegated to it by the Governing Council.
- (d) The Executive Board shall meet as often as the business of the Fund may require.
- (e) The representatives of a member or of an alternate member of the Executive Board shall serve without remuneration from the Fund. However, the Governing Council may decide the basis on which reasonable travel and subsistence expenses may be granted to one such representative of each member and of each alternate member.
- (f) A quorum for any meeting of the Executive Board shall be constituted by members exercising two thirds of the total votes of all its members, provided that members exercising one half of the total votes of the members in each of categories I, II and III are present.

Section 6 - *Voting in the Executive Board*

- (a) The total number of votes in the Executive Board shall be 1,800, distributed equally among categories I, II and III. The votes of each category shall be distributed among its members in accordance with the formula set out for that category in Schedule II.
- (b) Except as otherwise specified in this Agreement, decisions of the Executive Board shall be taken by a majority of three fifths of the votes cast, provided that such majority is more than one half of the total number of votes of all members of the Executive Board.

Section 7 - *Chairman of the Executive Board*

The President of the Fund shall be the Chairman of the Executive Board and shall participate in its meetings without the right to vote.

Section 8 - *President and staff*

- (a) The Governing Council shall appoint the President by a two-thirds majority of the total number of votes. He shall be appointed for a term of three years and shall be eligible for reappointment for only one further term. The appointment of the President may be terminated by the Governing Council by a two-thirds majority of the total number of votes.

- (b) The President may appoint a Vice-President, who shall perform such duties as shall be assigned to him by the President.
- (c) The President shall head the staff and, under the control and direction of the Governing Council and the Executive Board, shall be responsible for conducting the business of the Fund. The President shall organize the staff and shall appoint and dismiss members of the staff in accordance with regulations adopted by the Executive Board.
- (d) In the employment of the staff and in the determination of the conditions of service consideration shall be given to the necessity of securing the highest standards of efficiency, competence and integrity as well as to the importance of observing the criterion of equitable geographical distribution.
- (e) The President and the staff, in the discharge of their functions, owe their duty exclusively to the Fund and shall neither seek nor receive instructions in regard to the discharge thereof from any authority external to the Fund. Each Member of the Fund shall respect the international character of this duty and shall refrain from any attempt to influence them in the discharge of their duties.
- (f) The President and the staff shall not interfere in the political affairs of any Member. Only development policy considerations shall be relevant to their decisions and these considerations shall be weighed impartially in order to achieve the objective for which the Fund was established.
- (g) The President shall be the legal representative of the Fund.
- (h) The President, or a representative designated by him, may participate, without the right to vote, in all meetings of the Governing Council.

Section 9 - *Seat of the Fund*

The Governing Council shall determine the permanent seat of the Fund by a two-thirds majority of the total number of votes. The provisional seat of the Fund shall be in Rome.

Section 10 - *Administrative budget*

The President shall prepare an annual administrative budget which he shall submit to the Executive Board for transmission to the Governing Council for approval by a two-thirds majority of the total number of votes.

Section 11 - *Publication of reports and provision of information*

The Fund shall publish an annual report containing an audited statement of its accounts and, at appropriate intervals, a summary statement of its financial position and of the results of its operations. Copies of such reports, statements and other publications connected therewith shall be distributed to all Members.

Article 7
Operations

Section 1 - *Use of resources and conditions of financing*

- (a) The resources of the Fund shall be used to achieve the objective specified in Article 2.
- (b) Financing by the Fund shall be provided only to developing States that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the case of a loan to an intergovernmental organization, the Fund may require suitable governmental or other guarantees.
- (c) The Fund shall make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and social equity.
- (d) In allocating its resources the Fund shall be guided by the following priorities:
 - (i) the need to increase food production and to improve the nutritional level of the poorest populations in the poorest food deficit countries;
 - (ii) the potential for increasing food production in other developing countries. Likewise, emphasis shall be placed on improving the nutritional level of the poorest populations in these countries and the conditions of their lives.

Within the framework of the above-mentioned priorities, eligibility for assistance shall be on the basis of objective economic and social criteria with special emphasis on the needs of the low income countries and their potential for increasing food production, as well as due regard to a fair geographic distribution in the use of such resources.

- (e) Subject to the provisions of this Agreement, financing by the Fund shall be governed by broad policies, criteria and regulations laid down, from time to time, by the Governing Council by a two-thirds majority of the total number of votes.

Section 2 - *Forms and terms of financing*

- (a) Financing by the Fund shall take the form of loans and grants, which shall be provided on such terms as the Fund deems appropriate, having regard to the economic situation and prospects of the Member and to the nature and requirements of the activity concerned.
- (b) The proportion of the Fund's resources to be committed in any financial year for financing operations in either of the forms referred to in subsection (a) shall be decided from time to time by the Executive Board with due regard to the long-term viability of the Fund and the need for continuity in its operations. The proportion of grants shall not normally exceed one eighth of the resources committed in any financial year. A large proportion of the loans shall be provided on highly concessional terms.

- (c) The President shall submit projects and programmes to the Executive Board for consideration and approval.
- (d) Decisions with regard to the selection and approval of projects and programmes shall be made by the Executive Board. Such decisions shall be made on the basis of the broad policies, criteria and regulations established by the Governing Council.
- (e) For the appraisal of projects and programmes presented to it for financing, the Fund shall, as a general rule, use the services of international institutions and may, where appropriate, use the services of other competent agencies specialized in this field. Such institutions and agencies shall be selected by the Executive Board after consultation with the recipient concerned and shall be directly responsible to the Fund in performing the appraisal.
- (f) The loan agreement shall be concluded in each case by the Fund and the recipient, which shall be responsible for the execution of the project or programme concerned.
- (g) The Fund shall entrust the administration of loans, for the purposes of the disbursement of the proceeds of the loan and the supervision of the implementation of the project or programme concerned, to competent international institutions. Such institutions shall be of a world-wide or regional character and shall be selected in each case with the approval of the recipient. Before submitting the loan to the Executive Board for approval, the Fund shall assure itself that the institution to be entrusted with the supervision agrees with the results of the appraisal of the project or programme concerned. This shall be arranged between the Fund and the institution or agency in charge of the appraisal as well as with the institution to be entrusted with the supervision.
- (h) For the purposes of subsections (f) and (g) above, references to "loans" shall be deemed to include "grants".
- (i) The Fund may extend a line of credit to a national development agency to provide and administer subloans for the financing of projects and programmes within the terms of the loan agreement and the framework agreed to by the Fund. Before the Executive Board approves the extension of such a line of credit, the national development agency concerned and its programme shall be appraised in accordance with the provisions of subsection (e). Implementation of the said programme shall be subject to supervision by the institutions selected in accordance with the provisions of subsection (g).
- (j) The Executive Board shall adopt suitable regulations for procuring goods and services to be financed from the resources of the Fund. Such regulations shall, as a general rule, conform to the principles of international competitive bidding and shall give appropriate preference to experts, technicians and supplies from developing countries.

Section 3 - *Miscellaneous operations*

In addition to the operations specified elsewhere in this Agreement, the Fund may undertake such ancillary activities and exercise such powers incidental to its operations as shall be necessary in furtherance of its objective.

Article 8

Relations with the United Nations and with other organizations, institutions and agencies

Section 1 - *Relations with the United Nations*

The Fund shall enter into negotiations with the United Nations with a view to concluding an agreement to bring it into relationship with the United Nations as one of the specialized agencies referred to in Article 57 of the Charter of the United Nations. Any agreements concluded in accordance with Article 63 of the Charter shall require the approval of the Governing Council, by a two-thirds majority of the total number of votes, upon the recommendation of the Executive Board.

Section 2 - *Relations with other organizations, institutions and agencies*

The Fund shall co-operate closely with the Food and Agriculture Organization of the United Nations and other organizations of the United Nations system. It shall also co-operate closely with other intergovernmental organizations, international financial institutions, non-governmental organizations and governmental agencies concerned with agricultural development. To this end, the Fund will seek the collaboration in its activities of the Food and Agriculture Organization of the United Nations and the other bodies referred to above, and may enter into agreements or establish working arrangements with such bodies, as may be decided by the Executive Board.

Article 9

Withdrawal, suspension of membership, termination of operations

Section 1 - *Withdrawal*

- (a) Except as provided in Section 4(a) of this Article, a Member may withdraw from the Fund by depositing an instrument of denunciation of this Agreement with the Depositary.
- (b) Withdrawal of a Member shall take effect on the date specified in its instrument of denunciation, but in no event less than six months after deposit of such instrument.

Section 2 - *Suspension of membership*

- (a) If a Member fails to fulfil any of its obligations to the Fund, the Governing Council may, by a three-fourths majority of the total number of votes, suspend its membership. The Member so suspended shall automatically cease to be a Member one year from the date of its suspension, unless the Council decides by the same majority of the total number of votes to restore the Member to good standing.

- (b) While under suspension, a Member shall not be entitled to exercise any rights under this Agreement except the right of withdrawal, but shall remain subject to all of its obligations.

Section 3 - *Rights and duties of States ceasing to be Members*

Whenever a State ceases to be a Member, whether by withdrawal or through the operation of Section 2 of this Article it shall have no rights under this Agreement except as provided in this Section or in Section 2 of Article 11, but it shall remain liable for all financial obligations undertaken by it to the Fund, whether as Member, borrower or otherwise.

Section 4 - *Termination of operations and distribution of assets*

- (a) The Governing Council may terminate the Fund's operations by a three-fourths majority of the total number of votes. After such termination of operations the Fund shall forthwith cease all activities, except those incidental to the orderly realization and conservation of its assets and the settlement of its obligations. Until final settlement of such obligations and the distribution of such assets, the Fund shall remain in existence and all rights and obligations of the Fund and its Members under this Agreement shall continue unimpaired, except that no Member may be suspended or may withdraw.
- (b) No distribution of assets shall be made to Members until all liabilities to creditors have been discharged or provided for. The Fund shall distribute its assets to contributing Members *pro rata* to the contributions that each Member has made to the resources of the Fund. Such distribution shall be decided by the Governing Council by a three-fourths majority of the total number of votes and shall be effected at such times, and in such currencies or other assets as the Governing Council shall deem fair and equitable.

Article 10

Legal status, privileges and immunities

Section 1 - *Legal status*

The Fund shall possess international legal personality.

Section 2 - *Privileges and immunities*

- (a) The Fund shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the exercise of its functions and for the fulfilment of its objective. Representatives of Members, the President and the staff of the Fund shall enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connexion with the Fund.
- (b) The privileges and immunities referred to in paragraph (a) shall:

- (i) in the territory of any Member that has acceded to the Convention on the Privileges and Immunities of the Specialized Agencies in respect of the Fund, be as defined in the standard clauses of that Convention as modified by an annex thereto approved by the Governing Council;
 - (ii) in the territory of any Member that has acceded to the Convention on the Privileges and Immunities of the Specialized Agencies only in respect of agencies other than the Fund, be as defined in the standard clauses of that Convention, except if such Member notifies the Depository that such clauses shall not apply to the Fund or shall apply subject to such modifications as may be specified in the notification;
 - (iii) be as defined in other agreements entered into by the Fund.
- (c) In respect of a Member that is a grouping of States, it shall ensure that the privileges and immunities referred to in this Article are applied in the territories of all members of the grouping.

Article 11 Interpretation and arbitration

Section 1 - *Interpretation*

- (a) Any question of interpretation or application of the provisions of this Agreement arising between any Member and the Fund or between Members of the Fund, shall be submitted to the Executive Board for decision. If the question particularly affects any Member of the Fund not represented on the Executive Board, that Member shall be entitled to be represented in accordance with regulations to be adopted by the Governing Council.
- (b) Where the Executive Board has given a decision pursuant to subsection (a), any Member may require that the question be referred to the Governing Council, whose decision shall be final. Pending the decision of the Governing Council, the Fund may, so far as it deems necessary, act on the basis of the decision of the Executive Board.

Section 2 - *Arbitration*

In the case of a dispute between the Fund and a State that has ceased to be a Member, or between the Fund and any Member upon the termination of the operations of the Fund, such dispute shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Fund, another by the Member or former Member concerned and the two parties shall appoint the third arbitrator, who shall be the Chairman. If within 45 days of receipt of the request for arbitration either party has not appointed an arbitrator, or if within 30 days of the appointment of two arbitrators the third arbitrator has not been appointed, either party may request the President of the International Court of Justice, or such other authority as may have been prescribed by regulations adopted by the Governing Council, to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, but the Chairman shall have full power

to settle all questions of procedure in any case of disagreement with respect thereto. A majority vote of the arbitrators shall be sufficient to reach a decision, which shall be final and binding upon the parties.

Article 12 Amendments

- (a) Except in respect of Schedule II:
 - (i) Any proposal to amend this Agreement made by a Member or by the Executive Board shall be communicated to the President who shall notify all Members. The President shall refer proposals to amend this Agreement made by a Member to the Executive Board, which shall submit its recommendations thereon to the Governing Council.
 - (ii) Amendments shall be adopted by the Governing Council by a four-fifths majority of the total number of votes. Amendments shall enter into force three months after their adoption unless otherwise specified by the Governing Council, except that any amendment modifying:
 - (A) the right to withdraw from the Fund;
 - (B) the voting majority requirements provided for in this Agreement;
 - (C) the limitation on liability provided for in Section 4 of Article 3;
 - (D) the procedure for amending this Agreement;

shall not come into force until written acceptance of such amendment by all Members is received by the President.

- (b) In respect of the several parts of Schedule II, amendments shall be proposed and adopted as provided in such parts.
- (c) The President shall immediately notify all Members and the Depositary of any amendments that are adopted and of the date of entry into force of any such amendments.

Article 13 Final clauses

Section 1 - *Signature, ratification, acceptance, approval and accession*

- (a) This Agreement may be initialled on behalf of the States listed in Schedule I to this Agreement at the United Nations Conference on the Establishment of the Fund and shall be open for signature at the Headquarters of the United Nations in New York by the States listed in that Schedule as soon as the initial contributions indicated therein to be made in freely convertible currencies amount to at least the equivalent of 1,000 million United States dollars (value as of 10 June 1976).¹ If the foregoing

requirement has not been fulfilled by 30 September 1976 the Preparatory Commission established by that Conference shall convene by 31 January 1977 a meeting of the States listed in Schedule I, which may by a two-thirds majority of each category reduce the above specified amount and may also establish other conditions for the opening of this Agreement for signature.

- (b) Signatory States may become parties by depositing an instrument of ratification, acceptance or approval; non-signatory States listed in Schedule I may become parties by depositing an instrument of accession.² Instruments of ratification, acceptance, approval and accession by States in category I or II shall specify the amount of the initial contribution the State undertakes to make. Signatures may be affixed and instruments of ratification, acceptance, approval or accession deposited by such States until one year after the entry into force of this Agreement.
- (c) States listed in Schedule I that have not become parties to this Agreement within one year after its entry into force and States that are not so listed, may, after approval of their membership by the Governing Council, become parties by depositing an instrument of accession.

Section 2

- (a) The Secretary-General of the United Nations shall be the Depositary of this Agreement.
- (b) The Depositary shall send notifications concerning this Agreement:
 - (i) until one year after its entry into force, to the States listed in Schedule I to this Agreement, and after such entry into force to all States parties to this Agreement as well as to those approved for membership by the Governing Council;
 - (ii) to the Preparatory Commission established by the United Nations Conference on the Establishment of the Fund, as long as it remains in existence, and thereafter to the President.

Section 3 - *Entry into force*

- (a) This Agreement shall enter into force upon receipt by the Depositary of instruments of ratification, acceptance, approval or accession from at least 6 States in category I, 6 States in category II and 24 States in category III, provided that such instruments have been deposited by States in categories I and II the aggregate of whose initial contributions specified in such instruments amounts to at least the equivalent of 750 million United States dollars (valued as of 10 June 1976), and further provided that the foregoing requirements have been fulfilled within 18 months of the date on which this Agreement is opened for signature or by such later date as the States that have deposited such instruments by the end of that period may decide, by a two-thirds majority of each category, and as they notify to the Depositary.³

- (b) For States that deposit an instrument of ratification, acceptance, approval or accession subsequent to the entry into force of this Agreement, it shall enter into force on the date of such deposit.

Section 4 - *Reservations*

Reservations may only be made to Section 2 of Article 11 of this Agreement.

Section 5 - *Authoritative texts*

The versions of this Agreement in the Arabic, English, French and Spanish languages shall each be equally authoritative.

IN WITNESS WHEREOF, the undersigned being duly authorized thereto, have signed this Agreement in a single original in the Arabic, English, French and Spanish languages.

[Signatures not reproduced here.]

SCHEDULE I

PART I - STATES ELIGIBLE FOR ORIGINAL MEMBERSHIP

Category I	Category II	Category III
Australia	Algeria	Argentina
Austria	Gabon	Bangladesh
Belgium	Indonesia	Bolivia
Canada	Iran	Botswana
Denmark	Iraq	Brazil
Finland	Kuwait	Cape Verde
France	Libyan Arab Republic	Chad
Germany, Federal Republic of	Nigeria	Chile
Ireland	Qatar	Colombia
Italy	Saudi Arabia	Congo
Luxembourg	United Arab Emirates	Costa Rica
Japan	Venezuela	Cuba
Netherlands		Dominican Republic
New Zealand		Ecuador
Norway		Egypt
Spain		El Salvador
Sweden		Ethiopia
Switzerland		Ghana
United Kingdom of Great Britain and Northern Ireland		Greece
United States of America		Guatemala
		Guinea
		Haiti
		Honduras
		India
		Israel ¹
		Jamaica
		Kenya
		Liberia
		Mali
		Malta
		Mexico
		Morocco
		Nicaragua
		Pakistan
		Panama
		Papua New Guinea
		Peru
		Philippines
		Portugal
		Republic of Korea
		Romania
		Rwanda
		Senegal
		Sierra Leone
		Somalia
		Sri Lanka
		Sudan
		Swaziland
		Syrian Arab Republic
		Thailand
		Tunisia
		Turkey

Uganda
 United Republic of Cameroon
 United Republic of Tanzania
 Uruguay
 Yugoslavia
 Zaire
 Zambia

1. With reference to Article 7, Section 1(b) on the use of resources of the Fund for "developing countries", this country will not be included under this Section and will not seek or receive financing from the Fund. [Footnote appeared in original text.]

PART II. PLEDGES OF INITIAL CONTRIBUTIONS²

State	Currency unit	Amount in currency	Equivalent in SDRs ³
CATEGORY I			
Australia	Australian dollar	8 000 000 ^a	8 609 840
Austria	US dollar	4 800 000 ^a	4 197 864
Belgium	Belgian franc	500 000 000}	11 930 855
	US dollar	1 000 000} ^a	
Canada	Canadian dollar	33 000 000 ^a	29 497 446
Denmark	US dollar	7 500 000 ^a	6 559 163
Finland	Finnish markka	12 000 000 ^a	2 692 320
France	US dollar	25 000 000	21 863 875
Germany, Federal Republic of	US dollar	55 000 000 ^{ab}	48 100 525
Ireland	Pound sterling	570 000 ^a	883 335
Italy	US dollar	25 000 000 ^a	21 863 875
Japan	US dollar	55 000 000 ^a	48 100 525
Luxembourg	Special Drawing Right	320 000 ^a	320 000
Netherlands	Dutch guilder	100 000 000}	34 594 265
	US dollar	3 000 000}	
New Zealand	New Zealand dollar	2 000 000 ^a	1 721 998
Norway	Norwegian kroner	75 000 000} ^a	20 612 228
	US dollar	9 981 851}	
Spain	US dollar	2 000 000 ^c	1 749 110
Sweden	Swedish kroner	100 000 000}	22 325 265
	US dollar	3 000 000}	
Switzerland	Swiss franc	22 000 000 ^a	7 720 790
United Kingdom	Pound sterling	18 000 000	27 894 780
United States	US dollar	200 000 000	174 911 000
		SUBTOTAL	496 149 059
CATEGORY II			
Algeria	US dollar	10 000 000	8 745 550
Gabon	US dollar	500 000	437 278
Indonesia	US dollar	1 250 000	1 093 194
Iran	US dollar	124 750 000	109 100 736
Iraq	US dollar	20 000 000	17 491 100
Kuwait	US dollar	36 000 000	31 483 980
Libyan Arab Republic	US dollar	20 000 000	17 491 100
Nigeria	US dollar	26 000 000	22 738 430
Qatar	US dollar	9 000 000	7 870 995
Saudi Arabia	US dollar	105 500 000	92 265 553
United Arab Emirates	US dollar	16 500 000	14 430 158

Venezuela	US dollar	66 000 000	57 720 630
		SUBTOTAL	380 868 704

2. Subject to obtaining, where required, the necessary legislative approval. [Footnote appeared in original text.]
3. Special Drawing Rights (SDRs) of the International Monetary Fund valued as of 10 June 1976. These equivalent values are stated merely for information in the light of Section 2(a) of Article 5 of the Agreement, with the understanding that the initial contributions pledged will be payable in accordance with Section 2(a) of Article 4 of the Agreement in the amount and currency specified by the State concerned. [Footnote appeared in original text.]
 - a. Payable in three instalments. [Footnote appeared in original text.]
 - b. This amount includes an additional pledge of \$US 3 million, which was made subject to the necessary budgetary arrangements in the fiscal year 1977. [Footnote appeared in original text.]
 - c. Payable in two instalments. [Footnote appeared in original text.]

State	Currency unit	Amount in currency	Equivalent in SDRs ³	
			Freely convertible	Not freely convertible
CATEGORY III				
Argentina	Argentine peso	240 000 000 ^d		1 499 237
Bangladesh	Taka (equivalent of)	\$US500 000		437 278
Chile	US dollar	50 000	43 728	
Ecuador	US dollar	25 000	21 864	
Egypt	Egyptian pound (equivalent of)	\$US300 000		262 367
Ghana	US dollar	100 000	87 456	
Guinea	Sily	25 000 000 ^a		1 012 145
Honduras	US dollar	25 000	21 864	
India	US dollar	2 500 000	2 186 388	
	Indian rupee (equivalent of)	\$US2 500 000		2 186 388
Israel	Israel pound (equivalent of)	\$US150 000 ^{ac}		131 183
Kenya	Kenya shilling (equivalent of)	\$US1 000 000		874 555
Mexico	US dollar	5 000 000	4 372 775	
Nicaragua	Cordobas	200 000		24 894
Pakistan	US dollar	500 000	437 278	
	Pakistan rupee (equivalent of)	\$US500 000		437 278
Philippines	US dollar ^f	25 000 ^f	43 728	174 911
Republic of Korea	US dollar			
	Won (equivalent of)	\$US100 000		87 456
Romania	Lei (equivalent of)	\$US1 000 000		874 555
Sierra Leone	Leone	20 000		15 497
Sri Lanka	US dollar	500 000	437 278	
	Sri Lanka rupee (equivalent of)	\$US500 000		437 278
Syrian Arab Republic	Syrian pound	500 000		111 409
Thailand	US dollar	100 000	87 456	
Tunisia	Tunisian dinar	50 000		100 621
Turkey	Turkish lira (equivalent of)	\$US100 000		87 456
Uganda	Uganda shilling	200 000		20 832
United Republic of Cameroon	US dollar	10 000	8 746	

United Republic of Tanzania	Tanzania shilling	300 000		31 056
Yugoslavia	Yugoslav dinar (equivalent of)	\$US300 000		262 367
			SUBTOTAL	7 836 017
			TOTAL FREELY CONVERTIBLE	884 853 780*
			GRAND TOTAL (freely and not freely convertible)	893 922 543

* Equivalent of \$US1,011,776,023 valued as of 10 June 1976. [Footnote appeared in original text.]

d. To be spent within the territory of Argentina for goods or services required by the Fund. [Footnote appeared in original text.]

e. Usable for technical assistance. [Footnote appeared in original text.]

f. \$US200,000 of this pledge was stated to be subject to confirmation, including the terms of payment and the type of currency. This amount has consequently been entered in the "not freely convertible" column. [Footnote appeared in original text.]

SCHEDULE II
DISTRIBUTION OF VOTES AND ELECTION OF EXECUTIVE BOARD
MEMBERS

- Part I: Category I
- Sub-part A: Distribution of votes in the Governing Council
 - Sub-part B: Election of members of the Executive Board and their alternates
 - Sub-part C: Distribution of votes in the Executive Board
 - Sub-part D: Amendments
- Part II: Category II
- Sub-part A: Distribution of votes in the Governing Council
 - Sub-part B: Election of members of the Executive Board and their alternates
 - Sub-part C: Distribution of votes in the Executive Board
 - Sub-part D: Amendments
- Part III: Category III
- Sub-part A: Distribution of votes in the Governing Council
 - Sub-part B: Election of members of the Executive Board and their alternates
 - Sub-part C: Distribution of votes in the Executive Board
 - Sub-part D: Amendments

PART I: CATEGORY I

A. *Distribution of votes in the Governing Council*

1. 17.5 per cent of the votes of category I shall be distributed equally among the Members of that category.
2. The remaining 82.5 per cent of the votes shall be distributed among Members of category I in the proportion that each Member's:

- (a) initial contribution as specified in its instrument of ratification, acceptance, approval or accession, and
- (b) additional contributions and increases in contributions made in accordance with Section 5(c) of Article 4

bear to the aggregate of the contributions of category I Members.

3. In determining voting power under paragraph 2, contributions shall be valued in terms of their equivalent in Special Drawing Rights as of the date of the entry into force of the Agreement and thereafter whenever there is an increase in the aggregate of the contributions of category I Members as a result of a new Member in category I, an increase in the contribution of a category I Member or additional contributions by category I Members.

4. In the Governing Council each Governor representing a Member in category I shall be entitled to cast the votes of that Member.

B. Election of members of the Executive Board and their alternates

1. All of the members and alternate members of the Executive Board from category I shall serve for a term of three years, including those elected at the first election of members of the Executive Board.

2. In balloting for the election of members of the Executive Board representing Members in category I, each Governor representing such a Member shall cast for one nominee all of the votes to which the Member which appointed that Governor is entitled.

3. When on any ballot the number of nominees equals the number of members to be elected, each nominee shall be deemed to be elected by the number of votes received by him on such ballot.

4. (a) When on any ballot the number of nominees exceeds the number of members to be elected, the six nominees receiving the highest number of votes shall be elected, except that no nominee who receives less than 9 per cent of the total voting power of category I shall be considered as elected.

(b) If six members are elected on the first ballot, the votes that were cast for the nominees not elected shall be deemed to have counted towards the election of any of the six members, as chosen by each Governor having such votes.

5. When six members are not elected on the first ballot, a second ballot shall be held in which the Member which received the lowest number of votes in the preceding ballot shall be ineligible for election and in which there shall vote only:

- (a) those Governors who voted in the preceding ballot for a nominee not elected, and

- (b) those Governors whose votes for a member elected are deemed under paragraph 6 to have raised the votes cast for that member above 15 per cent of the eligible votes.
6. (a) In determining whether the votes cast by a Governor are to be deemed to have raised the total of any member above 15 per cent of the eligible votes, the 15 per cent shall be deemed to include, first, the votes of the Governor casting the largest number of votes for such member, then the votes of the Governor casting the next largest number, and so on until 15 per cent is reached.
- (b) If on any ballot two or more Governors having an equal number of votes shall have voted for the same nominee and the votes of one or more, but not all, of such Governors could be deemed to have raised the total votes above 15 per cent of the eligible votes, who shall be entitled to vote on the next ballot shall be determined by lot.
7. Any Governor, part of whose votes must be counted in order to raise the total of any member above 12 per cent, shall be considered as casting all of his votes for such member even if the total votes for such member thereby exceed 15 per cent.
8. If, after the second ballot, six members have not been elected, a further ballot shall be held on the same principles until six members have been elected, provided that after five members are elected, the sixth may be elected by a simple majority of the remaining votes and the remaining votes shall be deemed to have counted towards its election.
9. Each member elected to the Executive Board may appoint an alternate from among the Members whose votes are deemed to have elected it.

C. *Distribution of votes in the Executive Board*

1. In the Executive Board a member elected by a Governor or Governors representing a Member or Members in category I shall be entitled to cast the vote of that Member or Members. Where the member represents more than one Member it may cast separately the votes of the Members it represents.
2. If the voting rights of a Member of category I should change between the times provided for the election of members of the Executive Board:
- (a) there shall be no change in such members as a result thereof;
 - (b) voting rights of each member of the Executive Board shall be adjusted as of the effective date of the change in voting rights of the Member or Members it represents;
 - (c) the Governor of a new Member of category I may designate an existing member of the Executive Board to represent it and cast its votes until the next election of members of the Board. During such period a member so

designated shall be deemed to have been elected by the Governor which so designated it.

D. *Amendments*

1. The Governors representing category I Members may by a unanimous decision amend the provisions of sub-parts A and B. Unless otherwise decided, the amendment shall have immediate effect. The President shall be informed of any amendment to sub-parts A and B.

2. The Governors representing category I Members may amend the provisions of sub-part C by a decision taken with a majority of 75 per cent of the total voting power of such Governors. Unless otherwise decided, the amendment shall have immediate effect. The President shall be informed of any amendment to sub-part C.

PART II: CATEGORY II

A. *Distribution of votes in the Governing Council*

1. 25 per cent of the votes of category II shall be distributed equally among the Members of that category.

2. The remaining 75 per cent of the votes shall be distributed among the Members of category II in the proportion that each Member's contribution (made in accordance with Section 5(c) of Article 4) bears to the aggregate of the contributions of the category II Members.

3. In the Governing Council each Governor representing a Member in category II shall be entitled to cast the votes of that Member.

B. *Election of members of the Executive Board and their alternates*

1. All of the members and alternate members of the Executive Board from category II shall serve for a term of three years, including those elected at the first election of members of the Executive Board.

2. Each nominee for membership of the Executive Board may, in consultation with all the other Members of category II, agree with another Member in that category that the latter be a nominee as its alternate. A vote for the nominee for membership shall also be counted as a vote for its alternate.

3. In balloting for members and alternate members of the Executive Board, each Governor shall cast for his nominees all of the votes to which the Member which appointed that Governor is entitled.

4. When on any ballot the number of nominees receiving votes:

- (a) is equal to the number of places to be filled, all such nominees shall be considered elected;

- (b) is fewer than the number of places to be filled, all such nominees shall be considered elected, and additional ballots shall be held to fill the remaining places;
- (c) exceeds the number of places to be filled, the nominee (or the nominees receiving the same number of votes) receiving the fewest votes shall be eliminated and, if the remaining nominees having received votes:
 - (i) are equal to the number of places to be filled, all such nominees shall be considered elected;
 - (ii) are equal than the number of places to be filled, all such nominees shall be considered elected and additional ballots shall be held to fill the remaining places, participation in which shall be limited to those Governors whose votes did not count towards the election of any member already elected;
 - (iii) exceed the number of places to be filled, additional ballots shall be held, participation in which shall be limited to those Governors whose votes did not count towards the election of any member already elected.

C. *Distribution of votes in the Executive Board*

1. In the Executive Board a member elected by a Governor or Governors representing a Member or Members in category II shall be entitled to cast the votes of that Member or Members. A member of the Board representing more than one Member may cast separately the votes of the Members it represents.

2. If the voting rights of a Member of category II should change between the times provided for the election of members of the Executive Board:

- (a) there shall be no change in such members as a result thereof;
- (b) the voting rights of a member of the Executive Board shall be adjusted as of the effective date of the change in voting rights of the Member or Members it represents;
- (c) the Governor of a new Member of category II may designate an existing member of the Executive Board to represent it and cast its votes until the next election of members of the Board. During such period a member so designated shall be deemed to have been elected by the Governor which so designated it.

D. Amendments

The provisions in sub-parts A-D may be amended by a vote of the Governors representing two thirds of the category II Members whose contributions (made in

accordance with Section 5(c) of Article 4) amount to 70 per cent of the contributions of all category II Members. The President shall be informed of any amendments.

PART III: CATEGORY III

A. *Distribution of votes in the Governing Council*

The 600 votes of category III shall be distributed equally among the Members of that category.

B. *Election of members of the Executive Board and their alternates*

1. Of the six members and six alternate members of the Executive Board elected from among Members in category III, two members and two alternate members shall be from each of the following regions: Africa, Asia and Latin America, as these are recognized in the practice followed in the United Nations Conference on Trade and Development.

2. The procedures for electing members and alternate members of the Executive Board from category III pursuant to Section 5(a) of Article 6 of the Agreement and, pursuant to Section 5(b) of that Article, the term of service of such members and alternate members elected at the first election, shall be adopted either before the entry into force of the Agreement by a simple majority of the States listed in Part I of Schedule I as prospective Members in category III or after the entry into force of the Agreement by a simple majority of the Members in category III.

C. *Distribution of votes in the Executive Board*

Each member of the Executive Board from category III shall have 100 votes.

D. *Amendments*

Sub-part B may be amended from time to time by a two-thirds majority of the Members in category III. The President shall be informed of any amendments.

¹ Signed for Australia 30 March 1977.

² Instrument of ratification deposited for Australia 21 October 1977.

³ The Agreement entered into force for Australia and generally 30 November 1977.